

# THE DEPARTMENT OF STATE



# Bulletin

Vol. XL, No. 1035

April 27, 1959

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OFFICIAL  
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THE DEPARTMENT OF STATE

# Bulletin

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# The Importance of Understanding

*Address by President Eisenhower<sup>1</sup>*

Now, like any other individual invited to speak on a subject of his own choosing before a collegiate group, I have been confronted with the need for making one or two decisions. One of these has been the selection of a subject that you here might consider to be both current and interesting. Another has been the length of the time I might need for its exposition.

Napoleon, reflecting upon the desirable qualities of a political constitution, once remarked that such a document should preferably be short and always vague in meaning. Unfortunately he did not comment upon the appropriate length and character of a talk commemorating Founders Day at a liberal arts college. But if I do not wander too far from my text, I can, at least, attain reasonable brevity—and I do assure you that there will be nothing vague about the convictions I express.

I shall not attempt to talk to you about education, but I shall speak of one vital purpose of education—the development of understanding—understanding, so that we may use with some measure of wisdom the knowledge we may have acquired, whether in school or out. For no matter how much intellectual luggage we carry around in our heads, it becomes valuable only if we know how to use the information. Only if we are able to relate one fact of a problem to the others do we truly understand them.

This is my subject today—the need for greater individual and collective understanding of some of the international facts of today's life. We need to understand our country's purpose and role in strengthening the world's free nations, which, with us, see our concepts of freedom and human dignity threatened by atheistic dictatorship.

If through education, no matter how acquired, people develop understanding of basic issues and so can distinguish between the common, long-term good of all, on the one hand, and convenient but shortsighted expediency, on the other, they will support policies under which the Nation will prosper. And if people should ever lack the discernment to understand or the character to rise above their own selfish, short-term interests, free government would become well nigh impossible to sustain. Such a government would be reduced to nothing more than a device which seeks merely to accommodate itself and the country's good to the bitter tugs of war of conflicting pressure groups. Disaster could eventually result.

## Facts About Mutual Security Program

Though the subject I have assigned myself is neither abstruse nor particularly difficult to comprehend, its importance to our national and individual lives is such that failure to marshal, to organize, and to analyze the facts pertaining to it could have for all of us consequences of the most serious character. We must study, think, and decide on the governmental program that we term "mutual security."

The true need and value of this program will be recognized by our people only if they can answer this question: "Why should America, at heavy and immediate sacrifice to herself, assist many other nations, particularly the less developed ones, in achieving greater moral, economic, and military strength?"

What are the facts?

The first and most important fact is the implacable and frequently expressed purpose of imperialistic communism to promote world revolution, destroy freedom, and communize the world.

<sup>1</sup> Made at the 1959 Gettysburg College convocation at Gettysburg, Pa., on Apr. 4 (White House press release).

Its methods are all-inclusive, ranging through the use of propaganda, political subversion, economic penetration, and the use or the threat of force.

The second fact is that our country is today spending an aggregate of about \$47 billion annually for the single purpose of preserving the Nation's position and security in the world. This includes the costs of the Defense Department, the production of nuclear weapons, and mutual security. All three are mutually supporting and are blended into one program for our safety. The size of this cost conveys something of the entire program's importance—to the world and, indeed, to each of us.

And when I think of this importance to us—think of it in this one material figure—this cost annually for every single man, woman, and child of the entire Nation is about \$275 a year.

The next fact we note is that, since the Communist target is the world, every nation is comprehended in their campaign for domination. The weak and the most exposed stand in the most immediate danger.

Another fact, that we ignore to our peril, is that, if aggression or subversion against the weaker of the free nations should achieve successive victories, communism would step by step overcome once-free areas. The danger, even to the strongest, would become increasingly menacing.

Clearly the self-interest of each free nation impels it to resist the loss to imperialistic communism of the freedom and independence of any other nation.

Freedom is truly indivisible.

#### **Viet-Nam's Two Great Tasks**

To apply some of these truths to a particular case, let us consider briefly the country of Viet-Nam and the importance to us of the security and progress of that country. It is located, as you know, in the southeastern corner of Asia, exactly halfway round the world from Gettysburg College.

Viet-Nam is a country divided into two parts, like Korea and Germany. The southern half, with its 12 million people, is free but poor. It is an underdeveloped country; its economy is weak, average individual income being less than \$200 a year. The northern half has been turned over to communism. A line of demarcation running along the 17th parallel separates the two. To the

north of this line stand several Communist divisions. These facts pose to south Viet-Nam two great tasks: self-defense and economic growth.

Understandably the people of Viet-Nam want to make their country a thriving, self-sufficient member of the family of nations. This means economic expansion.

For Viet-Nam's economic growth, the acquisition of capital is vitally necessary. Now, the nation could create the capital needed for growth by stealing from the already meager rice bowls of its people and regimenting them into work battalions. This enslavement is the commune system, adopted by the new overlords of Red China. It would mean, of course, the loss of freedom within the country without any hostile outside action whatsoever.

Another way for Viet-Nam to get the necessary capital is through private investments from the outside and through governmental loans and, where necessary, grants from other and more fortunately situated nations.

In either of these ways the economic problem of Viet-Nam could be solved. But only the second way can preserve freedom.

And there is still the other of Viet-Nam's great problems—how to support the military forces it needs without crushing its economy.

Because of the proximity of large Communist military formations in the north, Free Viet-Nam must maintain substantial numbers of men under arms. Moreover, while the Government has shown real progress in cleaning out Communist guerrillas, those remaining continue to be a disruptive influence in the nation's life.

Unassisted, Viet-Nam cannot at this time produce and support the military formations essential to it or, equally important, the morale—the hope, the confidence, the pride—necessary to meet the dual threat of aggression from without and subversion within its borders.

Still another fact! Strategically south Viet-Nam's capture by the Communists would bring their power several hundred miles into a hitherto free region. The remaining countries in Southeast Asia would be menaced by a great flanking movement. The freedom of 12 million people would be lost immediately and that of 150 million others in adjacent lands would be seriously endangered. The loss of south Viet-Nam would set in motion a crumbling process that could, as it



progressed, have grave consequences for us and for freedom.

Viet-Nam must have a reasonable degree of safety now—both for her people and for her property. Because of these facts, military as well as economic help is currently needed in Viet-Nam.

We reach the inescapable conclusion that our own national interests demand some help from us in sustaining in Viet-Nam the morale, the economic progress, and the military strength necessary to its continued existence in freedom.

Viet-Nam is just one example. One-third of the world's people face a similar challenge. All through Africa and Southern Asia people struggle to preserve liberty and improve their standards of living, to maintain their dignity as humans. It is imperative that they succeed.

But some uninformed Americans believe that we should turn our backs on these people, our friends. Our costs and taxes are very real, while the difficulties of other peoples often seem remote from us.

But the costs of continuous neglect of these problems would be far more than we must now bear—indeed more than we could afford. The added costs would be paid not only in vastly increased outlays of money but in larger drafts of our youth into the military establishment and in terms of increased danger to our own security and prosperity.

No matter what areas of Federal spending must be curtailed—and some should—our safety comes first. Since that safety is necessarily based upon a sound and thriving economy, its protection must equally engage our earnest attention.

#### **Trade-Deficit Problems of Japan**

As a different kind of example of free-nation interdependence, there is Japan, where very different problems exist, but problems equally vital to the security of the free world. Japan is an essential counterweight to Communist strength in Asia. Her industrial power is the heart of any collective effort to defend the Far East against aggression.

Her more than 90 million people occupy a country where the arable land is no more than that of California. More than perhaps any other industrial nation, Japan must export to live. Last year she had a trade deficit. At one time she had a thriving trade with Asia, particularly with her

nearest neighbors. Much of it is gone. Her problems grow more grave.

For Japan there must be more free-world outlets for her products. She does not want to be compelled to become dependent as a last resort upon the Communist empire. Should she ever be forced to that extremity, the blow to free-world security would be incalculable; at the least it would mean for all other free nations greater sacrifice, greater danger, and lessened economic strength.

What happens depends largely on what the free-world nations can and will do. Upon us, upon you here in this audience, rests a heavy responsibility. We must weigh the facts, fit them into place, and decide on our course of action.

For a country as large, as industrious, and as progressive as Japan to exist with the help of grant aid by others presents no satisfactory solution. Furthermore, for us, the cost would be, over the long term, increasingly heavy. Trade is the key to a durable Japanese economy.

One of Japan's greatest opportunities for increased trade lies in a free and developing Southeast Asia. So we see that the two problems I have been discussing are two parts of a single one—the great need in Japan is for raw materials; in Southern Asia it is for manufactured goods. The two regions complement each other markedly. So, by strengthening Viet-Nam and helping insure the safety of the South Pacific and Southeast Asia, we gradually develop the great trade potential between this region, rich in natural resources, and highly industrialized Japan, to the benefit of both. In this way freedom in the Western Pacific will be greatly strengthened and the interests of the whole free world advanced. But such a basic improvement can come about only gradually. Japan must have additional trade outlets now. These can be provided if each of the industrialized nations in the West does its part in liberalizing trade relations with Japan.

One thing we in America can do is to study our existing trade regulations between America and Japan. Quite naturally we must guard against a flooding of our own markets by goods, made in other countries, to the point where our own industries would dry up. But the mere imposition of higher and higher tariffs cannot solve trade problems even for us, prosperous though we be. We too must export in order to buy, and we must buy if we are to sell our surpluses abroad.

Moreover, unless Japan's exports to us are at least maintained at approximately their present levels, we would risk the free-world stake in the whole Pacific.

There is another fact that bears importantly upon this situation. In international trade our competitors are also our customers. Normally, the bigger the competitor, the bigger the customer. Japan buys far more from us—from the United States—than she sells to us. She is our second largest customer, second only to Canada. Last year she bought \$800 million in machinery, chemicals, coal, cotton, and other items—and thus made jobs for many thousands of Americans. She paid for these with American dollars earned largely from the goods she sold to us. If she had earned more dollars she would have bought more goods, to our mutual advantage and the strengthening of freedom.

#### **Challenge of West Berlin**

Now I turn to one other case, where the hard realities of living confront us with still a further challenge. I refer to West Berlin, a city of over 2 million people whose freedom we are pledged to defend.

Here we have another problem but not a unique one. It is part of a continuing effort of the Communist conspiracy to attain one overriding goal: world domination.

Against this background we understand that the mere handing over of a single city could not possibly satisfy the Communists, even though they would particularly like to eliminate what has been called the free world's showcase behind the Iron Curtain. Indeed, if we should acquiesce in the unthinkable sacrifice of 2 million free Germans, such a confession of weakness would dismay our friends and embolden the Communists to step up their campaign of domination.

The course of appeasement is not only dishonorable; it is the most dangerous one we could pursue. The world paid a high price for the lesson of Munich, but it has learned the lesson well.

We have learned, too, that the costs of defending freedom—of defending America—must be paid in many forms and in many places. They are assessed in all parts of the world—in Berlin, in Viet-Nam, in the Middle East, here at home. But wherever they occur, in whatever form they ap-

pear, they are first and last a proper charge against the national security of the United States.

Because mutual security and American security are synonymous.

These costs are high, but they are as nothing to those that would be imposed upon us by our own indifference and neglect or by weakness of spirit.

And though weakness is dangerous, this does not mean that firmness is mere rigidity, nothing but arrogant stubbornness. Another fact, basic to the entire problem of peace and security, is that America and her friends do not want war. They seek to substitute the rule of law for the rule of force, the conference table for the battlefield.

These desires and their expressions are not propaganda. They are aspirations felt deeply within us; they are the longings of entire civilizations based upon a belief in God and in the dignity of man. Indeed, they are the instinctive hopes that people feel in all nations, regardless of curtains. People everywhere recoil from the thought of war as much as do any of us present here in this peaceful gathering.

Tensions are created primarily by governments and individuals that are ruthless in seeking greater and more extensive power. Berlin is a tension point because the Kremlin hopes to eliminate it as part of the free world. And the Communist leaders have chosen to exert pressure there at this moment. Naturally they always pick the most awkward situation, the hard-to-defend position, as the place to test our strength and to try our resolution. There will never be an easy place for us to make a stand, but there is a best one.

That best one is where principle points. Deep in that principle is the truth that we cannot afford the loss of any free nation, for whenever freedom is destroyed anywhere we are ourselves, by that much, weakened. Every gain of communism makes further defense against it harder and our security more uncertain.

#### **True Meaning of Mutual Security**

A free America can exist as part of a free world, and a free world can continue to exist only as it meets the rightful demands of people for security, progress, and prosperity. That is why the development of south Viet-Nam and Southeast Asia is important, why Japanese export trade is important, why firmness in Berlin is important.

It is why Communist challenges must always be answered by the free world standing on principle, united in strength and in purpose.

This is the true meaning of mutual security.

It is the idea that, by helping one another build a strong, prosperous world community, free people will not only win through to a just peace but can apply their wonderful, God-given talents toward creating an ever-growing measure of man's humanity to man.

But this is something that will come only out of the hard intellectual effort of disciplined minds. For the future of our country depends upon enlightened leadership, upon the truly understanding citizen.

## The Challenge of Soviet Power

*by Allen W. Dulles*

*Director of Central Intelligence*<sup>1</sup>

The challenge of Soviet power presents today a triple threat: first, military; second, economic; and third, subversive.

This challenge is a global one. As long as the principles of international communism motivate the regimes in Moscow and Peiping, we must expect that their single purpose will be the liquidation of our form of free society and the emergence of a Sovietized, communized world order.

They change their techniques as circumstances dictate. They have never given us the slightest reason to hope that they are abandoning their overall objective.

We sometimes like to delude ourselves into thinking that we are faced with another nationalistic power struggle, of which the world has seen so many. The fact is that the aims of the Communist International with its headquarters in Moscow are not nationalistic; their objectives are not limited. They firmly believe and eloquently

We look to the citizen who has the ability and determination to seek out and to face facts, who can place them in logical relationship one to another, who can attain an understanding of their meaning and then act courageously in promoting the cause of an America that can live, under God, in a world of peace and justice. These are the individuals needed in uncounted numbers in your college, your country, and your world.

Over the 127 years of Gettysburg College's existence, its graduates have, in many ways, served the cause of freedom and of justice. May the years ahead be as fruitful as those which you now look back upon with such pride and with such satisfaction.

preach that communism is the system which will eventually rule the world, and each move they make is directed to this end. Communism, like electricity, seeks to be an all-pervasive and revolutionary force.

To promote their objectives they have determined—cost what it may—to develop a military establishment and a strong national economy which will provide a secure home base from which to deploy their destructive foreign activities.

### Soviet Military Establishment

To achieve this objective they are devoting about twice as much of their gross national product to military ends as we do. The U.S.S.R. military effort as a proportion of GNP is greater than that of any other nation in the world. Their continuous diversion of economic resources to military support is without any parallel in peacetime history.

We estimate that the total value of their current annual military effort is roughly equivalent

<sup>1</sup> Address made before the Edison Electric Institute at New Orleans, La., on Apr. 8.

to our own. They accomplish this with a GNP which is now less than half of our own.

Here are some of the major elements which go into their military establishment. The Soviet Union maintains an army of 2½ million men, and the tradition of universal military training is being continued. The Soviet Army today has been fully reequipped with a post-World War II arsenal of guns, tanks, and artillery. We have reason to believe the army has already been trained in the use of tactical nuclear weapons.

They have the most modern types of aircraft for defense: night and day fighters, a very large medium-bomber force, and some long-range bombers. They have built less of these long-range bombers than we had expected several years ago and have diverted a major effort to the perfection of ballistic missiles.

Their submarine strength today is many times that with which Germany entered World War II. They have over 200 long-range, modernized submarines and a like number of less modern craft. They have made no boasts about nuclear powered submarines, and on all the evidence we are justified in concluding that we are ahead of them in this field. We must assume, however, that they have the capability to produce such submarines and will probably unveil some in the near future.

#### **Ballistic Missile Situation**

I would add a word on the ballistic missile situation.

When World War II ended the Soviet acquired much of the German hardware in the missile field—V-1 and V-2—and with them many German technicians. From that base, over the past 10 years, they have been continuously developing their missile capability, starting with short-range and intermediate-range missiles. These they have tested by the hundreds and have been in production of certain models for some time.

They also early foresaw that, in their particular geographical position, the long-range ballistic missile would become their best instrument in the power struggle with their great rival, the United States. As the size and weight of powerful nuclear weapons decreased with the improvement of the art, they became more and more persuaded of this. Hence they have concentrated on these weapons, have tested some, and assert that they now have ICBM's in serial production.

They hope in this way eventually to be able to

hold the U.S. under the threat of nuclear attack by ICBM's while they consolidate their position in the fragile parts of the non-communistic world.

Before leaving the military phase of the Soviet threat, I want to dispel any possible misinterpretations. First, I do *not* believe that the Soviet now have military superiority over us; and second, I do *not* believe that they desire deliberately to provoke hostilities with the U.S. or the Western World at this time. They are well aware of our deterrent force. They probably believe that the risks to them, even if they resorted to surprise attack, would be unacceptable.

Taking into account our overall military strength and our strategic position vis-a-vis the Soviet Union, I consider that our military posture is stronger and our ability to inflict damage is today greater than that of the Soviet Union.

Furthermore, we have allies. The strength, the dependability, and the dedication of our allies put them in a very different category than the unwilling and undependable allies of Moscow, even including the Chinese Communists.

But as the Soviet military capabilities and their nuclear power grow, they will feel that their foreign policy can be somewhat more assertive. In 1956, during the Suez crisis, we had the first Soviet missile-rattling as a new tactic of Moscow diplomacy. Since then there have been the Taiwan Straits and Berlin crises and today the aggressive Communist penetration of Iraq. Hence we must assume that they will continue to probe and to test us, and they may even support other countries in aggression by proxy. They will put us to the test.

There are two points to keep in mind as we view the military future. Firstly, with a much lower industrial base than we, they are producing a military effort which is roughly equivalent to our own; and secondly, they have conditioned their people to accept very real sacrifices and a low standard of living to permit the massive military buildup to continue. If the Soviet should decide to alter their policy so as to give their own people a break in the consumer field with anything like the share in their gross national product which we, as a people, enjoy, the prospects of real peace in our time would be far greater.

#### **Soviet "Economic Order of Battle"**

I will turn now to some of the highlights of the economic aspect of the Soviet challenge.



The new confidence of Khrushchev, the shrewd and vocal leader of the Soviet Communist Party and incidentally Head of Government, does not rest solely on his conviction that he, too, possesses a military deterrent. He is convinced that the final victory of communism can be achieved mainly by nonmilitary means. Here the Soviet economic offensive looms large.

The proceedings of the recent 21st Party Congress laid out what we might call the Soviet economic order of battle.

Khrushchev explained it in these words, to summarize the 10 hours of his opening and closing remarks:

The economic might of the Soviet Union is based on the priority growth of heavy industry; this should insure the Soviet victory in peaceful economic competition with the capitalist countries; development of the Soviet economic might will give communism the decisive edge in the international balance of power.

In the short space of 30 years the Soviet Union has grown from a relatively backward position into being the second largest industrialized economy in the world. While their headlong pace of industrialization has slowed down moderately in the past few years, it still continues to be more rapid than our own. During the past 7 years, through 1958, Soviet industry has grown at the annual rate of 9½ percent. This is not the officially announced rate, which is somewhat larger. It is our reconstruction and deflation of Soviet data.

Our own industrial growth has been at the annual rate of 3.6 percent for the 7 years through 1957. If one included 1958, the comparison with the rate of Soviet growth would be even less favorable.

#### **Investment for National Policy Purposes**

I do not conclude from this analysis that the secret of Soviet success lies in greater efficiency. On the contrary. In comparison with the leading free-enterprise economies of the West the Communist state-controlled system is relatively inefficient.

The secret of Soviet progress is simple. It lies in the fact that the Kremlin leaders direct a far higher proportion of total resources to national policy purposes than does the United States. I define national policy purposes to include, among other things, defense and investment in heavy industry.

With their lower living standards and much lower production of consumer goods, they are in effect plowing back into investment a large section of their production—30 percent—while we in the United States are content with 17 to 20 percent. Soviet investment in industry as planned for 1959 is about the same as U.S. investment in industry during 1957, which so far was our best year.

Although the Soviets in recent years have been continually upping the production of consumer goods, their consuming public fares badly in comparison with ours. Last year, for example, Soviet citizens had available for purchase barely one-third the total goods and services available to Americans. Furthermore, most of the U.S. output of durable consumer goods is for replacement, while that of the U.S.S.R. is for first-time users. In summary, the Soviet economy is geared largely to economic growth and for military purposes; ours is geared largely to increasing consumer satisfactions and building a higher standard of living.

Here are some examples:

While the Soviets last year were producing only 1 automobile for every 50 we produced, they were turning out 4 machine tools to our 1.

This contrast in emphasis carries through in many other fields. Our capital expenditure for transportation and communications is more than double the comparable Soviet expenditure. Yet this is largely accounted for by our massive highway building program, which has been running 15 to 20 times the U.S.S.R. spending, whereas their annual investment in railroad rolling stock and fixed assets substantially exceeds ours.

At the moment they do not feel much incentive in the roadbuilding field. They have no interest in having their people travel around on a massive scale. Also this would put pressure on the Kremlin to give the people more automobiles.

Commercial investment, which includes stores, shopping centers, drive-in movies, and office buildings, has been absorbing over \$6 billion a year in the U.S., and only \$2 billion in the U.S.S.R.

Our housing investment is roughly twice that of the Soviet, even though living space per capita in the U.S. is already four times that of the U.S.S.R.

#### **Industrial Production Trends**

What of the future? In Khrushchev's words, "The Soviet Union intends to outstrip the United



States economically. . . . To surpass the level of production in the United States means to exceed the highest indexes of capitalism."

Khrushchev's ambitious 7-year plan establishes the formidable task of increasing industrial production about 80 percent by 1965.

Steel production, according to the plan, is to be pushed close to 100 million net tons. Cement output is set at a level somewhat higher than industry forecasts place United States production in 1965.

The energy base is to be revolutionized. Crude oil and natural gas will constitute more than one-half of the total energy supply, and relatively high-cost coal will be far less important than now.

By 1965 the U.S.S.R. plans to produce about 480 billion kilowatt hours of electricity. As a study comparing U.S. and U.S.S.R. electric power production prepared by a leading industrial research group pointed out, this means that the absolute gap between the U.S. and U.S.S.R. in the quantities of electricity generated will increase somewhat in our favor over the next 7 years.

This interesting study received a considerable amount of deserved publicity. We agree with its conclusion. However, what is true about electric power is not true across the board, as some commentators concluded.

For example, compare primary energy production trends in the two countries. Soviet production of coal, petroleum, natural gas, and hydroelectric power, expressed in standard fuel units, amounted to 45 percent of the U.S. production in 1958. By 1965 it will be close to 60 percent. The absolute gap in primary energy has been closing since 1950. At the present pace it will continue to narrow over the next 7 years.

Similarly, the absolute gap in steel *production* has been shrinking over the past 5 years. The maximum gap in steel *capacity* apparently was reached in 1958.

The comforting illusion spread by the "disciples of the absolute gap" should not serve as a false tranquilizer.

#### **Soviet Exaggerations**

At the same time it is important not to exaggerate Soviet prospects in the economic race. In the propaganda surrounding the launching of the 7-year plan, Khrushchev made a number of statements about Soviet economic power which were

nothing more than wishful thinking. Specifically he stated that "after the completion of the 7-year plan, we will probably need about 5 more years to catch up with and outstrip the United States in industrial output." "Thus," he added, "by that time [1970], or perhaps even sooner, the Soviet Union will advance to first place in the world both in absolute volume of production and in per capita production."

First of all, to reach such improbable conclusions the Kremlin leaders overstate the present comparative position. They claim U.S.S.R. industrial output to be 50 percent of that of the U.S. Our own analyses of Soviet industrial output last year concluded that it was not more than 40 percent of our own.

Secondly, Khrushchev forecasts that our future industrial growth will be only 2 percent a year. If this is true, the United States will be virtually committing economic suicide. This prediction I regard as unrealistic.

A saner projection would place 1965 Soviet industrial production at about 55 percent of our own. By 1970, assuming the same relative rates of growth, U.S.S.R. industrial output as a whole would be about 60 percent of that in the United States.

Further, when Khrushchev promises his people the world's highest standard of living by 1970, this is patently nonsense. It is as though the shrimp had learned to whistle, to use one of his colorful comments.

#### **Implications of Soviet Economic Progress**

These Soviet exaggerations are a standard tool of Communist propaganda. Such propaganda, however, should not blind us to the sobering implications of their expected economic progress.

First of all, rapid economic growth will provide the Kremlin leaders with additional resources with which to intensify the arms race. If recent trends and present Soviet policies continue, Soviet military spending could increase by over 50 percent in the next 7 years without increasing the relative burden on their economy.

Secondly, some additional improvement can be made in the standards of living of the Russian people, even with continued emphasis on heavy industry and armaments. It is only since the death of Stalin in 1953 that serious attention has been given to improving living standards. The

moderate slowdown in the headlong growth of heavy industry which then ensued has been caused in large part by the diversion of more resources to housing, to agriculture, and to consumer goods.

Living standards, based on present Soviet plans, are expected to increase about one-third over the next 7 years. This level, if achieved, will still be far below that which our own citizens are now enjoying, but it will look good to people who for long have been compelled to accept very low standards.

Finally, the Soviet 7-year plan, even if not fully achieved, will provide the wherewithal to push the expansion of trade and aid with the uncommitted and underdeveloped nations of the free world. By 1965 Soviet output of some basic raw materials and some industrial products will be approaching, and in a few cases exceeding, that of the United States. Most prominently, these products will be the kind that are needed for industrialization in the less developed countries.

The outcome of this contest—the Communist challenge in underdeveloped areas—is crucial to the survival of the free world.

#### **Communist Trade-and-Aid Programs**

This is an unprecedented epoch of change. Within little more than 10 years, over three-quarters of a billion people in 21 nations have become independent of colonial rule. In all of these newly emergent countries there is intense nationalism coupled with the determination to achieve a better way of life, which they believe industrialization will bring them.

The leaders of world communism are alert to the opportunity which this great transformation provides them. They realize the future of communism can be insured only by expansion and that the best hope of such expansion lies in Asia and Africa. While they are attempting to focus all our concern on Berlin, they are moving into Iraq with arms, economic aid, and subversion and giving added attention to Africa.

The Communist bloc trade-and-aid programs in undeveloped countries moved into high gear during 1958. The equivalent of over \$1 billion in new credits was extended to underdeveloped countries by the bloc in this year. In the 4-year period ending 1958 the total of grants and credits totaled \$2.5 billion, of which \$1.6 billion came from the U.S.S.R. and the balance from the satel-

lites and China. Three-fifths of the total delivered to date has been in the form of arms to the U.A.R.—Egypt and Syria—Yemen, Iraq, Afghanistan, and Indonesia. These same countries, plus India, Argentina, Ceylon, Burma, and Cambodia, have received the bulk of the economic aid.

Over 4,000 bloc technicians have been sent to assist the development of nations in the free world. About 70 percent of these technicians are engaged in economic activities. Others are reorganizing local military establishments and teaching bloc military doctrine to indigenous personnel.

The bloc also has a well-developed program for training students from underdeveloped countries. About 3,200 students, technicians, and military specialists have now received such training behind the Iron Curtain.

While these figures are still well below the total of our own aid, loan, and training programs, this massive economic and military aid program is concentrated in a few critical countries, and of course these figures do not include Soviet aid and trade with the East European satellites and Communist China.

India, which has received over \$325 million of bloc grants and credits, is a primary recipient. The Soviet economic showplace here is the Bhilai steel mill, being built by the Russians. The U.A.R. over the past 4 years received over \$900 million in aid and credits. This investment today does not seem quite as profitable to the Soviet as it did last year.

Iraq provides a prime example of the opportunistic nature of the bloc's aid program. Prior to the coup d'etat on July 14th last year, Iraq's economic involvement with Communist nations had been negligible. In the past few months the U.S.S.R. has provided over \$250 million in military and economic development credits. The Iraq Development Board has dropped its two Western advisers. Western technicians are also being dismissed and contracts with many Western firms canceled. Increasingly, Moscow is pressuring the Iraq Government to accept dependence on Communist support, and the number of fellow travelers in high government posts is growing.

#### **Communist Campaign of Subversion**

The Soviet policy of economic penetration fits like a glove into their worldwide campaign of subversion, which is the third main element of

the triple Soviet challenge: military, economic, and subversive.

International communism has not changed its operating procedure since the days of the Comintern and the Cominform. The Communist Party of the U.S.S.R., of which Khrushchev is the leader, is the spearhead of the movement. It has a worldwide mission, formulated by Lenin and Stalin and now promoted by Khrushchev but with more subtle techniques than those of Stalin. This mission continues to be the subversion of the entire free world, starting of course with those countries which are most vulnerable.

Its arsenal of attack is based, first of all, on the Communist Parties of the Soviet Union and Communist China. These in turn direct the hard-core Communist organizations which exist in practically every country of the world. Every Communist Party maintains its secret connections with Moscow or, in case of certain of the Communist parties in the Far East, with Peiping.

These parties also have an entirely overt association with the international Communist movement. At the 21st meeting of the Soviet Party Congress there were present representatives of some 60 Communist parties throughout the world, including two representatives of the U.S. Communist Party. The single theme of these Communist leaders was their confidence in the eventual worldwide triumph of the Communist movement.

From time to time Moscow has made agreements, such as the Litvinov pact in 1933, not to interfere in the internal affairs of other countries. On the strength of this we resumed relations with the Soviet. They are eager to conclude like agreements of "friendship and nonaggression" with all countries of the world. These are not worth the paper they are written on. During World War II Moscow abolished the international Comintern to propitiate the United States, its then wartime ally. Its functions have, however, been carried on continuously under other forms.

In addition to its worldwide penetration through Communist Party organizations, the Communists in Moscow and Peiping have set up a whole series of front organizations to penetrate all segments of life in the free countries of the world. These include the World Federation of Trade Unions, which claims some 90 million members throughout the world. International

organizations of youth and students stage great festivals at frequent intervals. This summer they are to meet in Vienna. This is the first time they have dared meet outside of the Iron Curtain.

They have the Women's International Democratic Federation, the World Federation of Teachers Unions, the International Association of Democratic Lawyers, and Communist journalists and medical organizations. Then cutting across professional and social lines, and designed to appeal to intellectuals, the Communists have created the World Peace Council, which maintains so-called peace committees in 47 countries, gaining adherents by trading on the magic word of "peace."

To back up this massive apparatus the Soviet has the largest number of trained agents for espionage and secret political action that any country has ever assembled. In Moscow, Prague, and Peiping, and other Communist centers, they are training agents recruited from scores of other countries to go out as missionaries of communism into the troubled areas of the world. Much of the Middle East and Southeast Asia, and particularly black Africa, are high on their target list. They do not neglect this hemisphere, as recent disclosures of Communist plotting in Mexico show us. Their basic purpose is to destroy all existing systems of free and democratic government and disrupt the economic and political organizations on which these are based. Behind their Iron Curtain they ruthlessly suppress all attempts to achieve more freedom—witness Hungary and now Tibet.

The task of destruction is always easier than that of construction. The Communist world, in dealing with the former colonial areas and the newly emerging nations of the world, has appealing slogans to export and vulnerable economic conditions to exploit. The fragile parliamentary systems of new and emerging countries are fertile ground for these agitators.

Also under the heading of subversion we must not overlook the fact that the Communist leaders have sought to advance their cause by local wars by proxy—Korea, Viet-Nam, Malaya are typical examples.

In conclusion I wish to emphasize again the pressing need for a clearer understanding of the real purpose of the Sino-Soviet program. There is no evidence that the present leaders of the Com-



munist world have the slightest idea of abandoning their goal or of changing the general tactics of achieving them.

Those who feel we can buy peace by compromise with Khrushchev are sadly deluded. Each concession we give him merely strengthens his position and prestige and the ability of the Soviet regime to continue its domination of the Russian people, whose friendship we seek.

Our defense lies not in compromise but in understanding and firmness, in a strong and ready deterrent military power, in the marshaling of our economic assets with those of the other free countries of the world to meet their methods of economic penetration, and finally in the unmasking of their subversive techniques.

The overall power of the free world is still vastly superior to that under the control of the leaders of international communism. If they succeed and we fail, it will only be because of our complacency and because they have devoted a far greater share of their power, skill, and resources to our destruction than we have been willing to dedicate to our own preservation.

They are not supermen. Recently they have made a series of blunders which have done what words could not do to help us unmask their true intentions. These very days Communist actions in Iraq and Tibet have particularly aroused Muslims and Buddhists against international communism. The institution of the so-called commune system on the China mainland has shocked the free world, and even the Soviet leaders apologetically refuse to endorse it.

Despite the problems surrounding the Berlin issue, Western Europe is stronger than it ever has been since World War II. Much of free Asia and the Middle East is becoming alerted to the true significance of communism.

The outcome of the struggle against international communism depends in great measure upon the steadfastness of the United States and its willingness to accept sacrifices in meeting its responsibility to help maintain freedom in the world.

## U.S. and Canadian National Libraries Exchange Gifts of Research Materials

The U.S. Library of Congress announced on April 7 that gifts of important research materials for the national libraries of the United States and Canada would be exchanged in ceremonies at Ottawa on April 8 as part of the celebration of National Library Week being observed in both countries from April 12 to 18.

Roy P. Basler, director of the reference department of the Library of Congress and an honorary member of the Lincoln Sesquicentennial Commission, presented to Canada's Prime Minister John Diefenbaker, on behalf of the Library of Congress, a significant group of Lincoln materials for the National Library of Canada. On its behalf, the Prime Minister presented an important body of materials relating to U.S. economic history to Dr. Basler for the Library of Congress.

Canada's gift to the Library of Congress was a microfilm of the Baring Papers from the collection in the public archives of Canada. Relating to the period from 1818 to 1872 and consisting of 88,000 pages, these documents concern operations in Canada, the United States, and Latin America of Baring Brothers and Co., Ltd., the venerable mercantile banking house of London, and are of great importance in the study of the economic history of the United States.

The Library of Congress presented to Canada a variety of historical source materials relating to Lincoln. Included were a microfilm of the Robert Todd Lincoln Collection of the Papers of Abraham Lincoln, a collection of more than 18,000 documents which for the most part have never been published; *The Collected Works of Abraham Lincoln*, in eight volumes, edited under the direction of Dr. Basler; a facsimile of Lincoln's scrapbook containing clippings of the famous Lincoln-Douglas debates; a reproduction of a letter from Queen Victoria written in 1865 to Mrs. Lincoln; and a catalog of the Sesquicentennial Exhibition in the Library of Congress.

## Soviet Diplomacy: A Challenge to Freedom

by Francis O. Wilcox

*Assistant Secretary for International Organization Affairs*<sup>1</sup>

There is no more important question in world politics today than the subject of this meeting—the future of Soviet-American relations. I believe that the character of the relations between the U.S.S.R. and the United States and our allies will determine the nature of man's life on this planet for generations to come. It may indeed determine whether that life itself will continue or be abruptly snuffed out. In resolving this question the role of diplomacy is highly important.

Therefore I would like to explore with you certain aspects of Soviet diplomacy which have a significant bearing on Soviet relationships with the free world.

### The Central Challenge

Reduced to its essentials, the key question confronting us is this: Can a democratic, free-enterprise, open society successfully compete in diplomacy with a totalitarian, centrally controlled society which is able to marshal its total resources in support of its foreign policy objectives?

In a little more than 40 years the U.S.S.R. has changed from a comparatively backward, agricultural country to the second-ranking industrial nation in the world. Its gross national product is now increasing between 6 and 7 percent annually. Mr. Khrushchev confidently looks forward to the day when the economy of the Soviet Union will surpass that of the United States. Soviet technical capacity is forcefully demonstrated by the fact the Soviet Union launched the first satellite into outer space. Soviet development of intercontinental ballistic missiles underscores its present military potential.

Every facet of the U.S.S.R.'s regimented society—economic, scientific, social, cultural, and psychological—as well as political and military—is at the constant and immediate disposal of Soviet diplomacy.

In contrast, in the conduct of foreign policy our Government is accountable to the Congress and the people of the United States, whom its Members represent. It must also take into account varied sectional and group interests. Mr. Khrushchev, however, is accountable mainly to himself, and perhaps a few of his Kremlin colleagues.

Mr. Khrushchev's ability to take independent decisions enables him to move swiftly in using trade with other nations to advance the U.S.S.R.'s foreign policy objectives. The Soviets offer guns and grains to carefully selected countries in order to reap maximum political advantages. They extend long-term, low-interest loans. They buy up surplus commodities—which they may not need—if it is in their national interest to do so. Whether or not these transactions are essential to their economy is immaterial to the Soviets. "We value trade least for economic reasons and most for political purposes," Mr. Khrushchev has said.

On this basis it may seem that the struggle is an unequal one. A free society, which must constantly be responsive to the pressures of public opinion, cannot move with the speed and monolithic force of a totalitarian state.

Let me emphasize, however, that free societies have invariably proved more resilient, creative, and enduring than those under the deadening hand of dictatorship.

The United States has simultaneously achieved the greatest industrial capacity and the highest standard of living known to man. We have built a defense establishment which protects us and the free world against the threat of surprise at-

<sup>1</sup> Address made before the American Academy of Political and Social Science at Philadelphia, Pa., on Apr. 10 (press release 253 dated Apr. 9).



tack. In cooperation with other free nations we have developed a system of collective security arrangements which serve as a formidable deterrent to Communist aggression anywhere. Our Marshall plan prevented a Communist takeover of an economically exhausted and prostrate Western Europe after World War II, and our foreign aid programs have enabled free nations to develop on an increasing scale their economic and social well-being.

These achievements can scarcely be called the dying gasps of a decadent capitalism as the Soviets would have it. On the contrary, they offer to the free world its greatest hope for a just peace and a cooperative way of life for free men in the future.

Of course, the diplomatic arrangements of the free world may at times appear cumbersome. This is inherent in the nature of the alliance. Nevertheless, free-world diplomacy has demonstrated tremendous strength. The position of the free world is based on real and mutual interests. Our allies are partners and not puppets. Each country understands the stakes. Each appreciates the basis for action. Each wants to cooperate in a positive way in the common interest. The recent 10th anniversary meetings of the NATO Council clearly demonstrate this.<sup>2</sup>

The handicaps of freedom in this struggle are therefore apparent rather than real. Its strengths are great. Not the least of these is the faith of the free world's people in the virtue and durability of freedom itself—a faith based on experience. In my judgment, this faith—this belief in the dignity and worth of the human being—is an element of strength which gives our military power vitality and direction. This is an unbeatable combination which the Soviet Union does not have.

#### **Changes in Soviet Diplomacy**

In 1946 Josef Stalin asserted that the wartime partnership between the U.S.S.R. and its Western allies had been a mere expedient. This set the pattern of postwar Soviet diplomacy. He served notice that war was inevitable until international communism had supplanted capitalism. Stalin even went so far as to blueprint the economic planning which would give to the Soviet Union a mighty arsenal to wage the "inevitable" war.

<sup>2</sup> BULLETIN of Apr. 20, 1959, p. 543.

Stalin's successors, on the other hand, have consistently preached the virtue of "peaceful co-existence." Nevertheless the long-range goal of Soviet foreign policy has remained constant—world domination. Soviet foreign policy has been made up largely of a series of probes seeking out free-world vulnerabilities or attempting to create them. Its record is studded with such probes: Iran, Greece, the Berlin blockade, and—through its Far Eastern partner, the Red Chinese—aggressive actions against Korea, Viet-Nam, the Taiwan Strait, and Tibet—to mention only a few. The latest and most immediate of these is the current crisis in Germany.

#### **The German Crisis**

Let us examine just what the situation in Berlin involves.

First of all, it is a deliberately staged and carefully timed Soviet maneuver designed in part to divide the free world. The Soviet rulers are well aware that communism flourishes in conditions of tension and unrest. They have never hesitated to attempt to create such conditions when they considered this to be in their interest.

By artificially creating a "crisis" over Berlin, they seek to divert attention from the real issues of German unification and European security. They seek to draw us into negotiations on isolated aspects of these problems whenever they think they have an advantage. Berlin is but one aspect, and certainly not the basic one, of the German problem as a whole. Many suggestions have been advanced for a solution of the "Berlin problem," including some involving the United Nations. However, for the reasons I have mentioned the United States is not interested in discussing formulas for Berlin as an isolated question.

Second—and most important—the Soviet Union is hoping to build up the international status of the East German regime and thereby bring about the permanent division of Germany. This is the only way its puppet regime, the so-called "German Democratic Republic," can survive. In the longer run the future of the satellite empire of Eastern Europe likewise hangs in the balance.

Finally, the Soviet Union hopes to eliminate the monument to freedom which West Berlin constitutes deep inside the Communist bloc. However, as long as West Berlin and the Federal Republic of Germany are allied with the West and

remain strong in their determination to maintain their freedom, they will stand as a symbol of the right of the German people freely to determine their future. Given this situation, the Soviets will not be able to achieve their objectives.

That is why the Soviet Union is now trying to launch a course of events designed to extend its rule to Germany as a whole and to exclude free-world influence in the area. The aim of the Soviet Union is not only to bring about the withdrawal of all Western forces from Berlin but also the withdrawal of all American forces from the Continent.

Having said this, it should be clear how vital a stake we have at this moment in Germany and in Berlin. Our forces are in West Berlin as a matter of right, on the basis of solemn international obligations to which the Soviet Union is a party. Mr. Khrushchev's proposals mean simply that the Soviet Union is now threatening, deliberately and unilaterally, to disregard these obligations if we do not agree to conclude a "peace treaty" with Germany on Soviet terms.

President Eisenhower emphasized an important principle in his speech to the Nation on March 16.<sup>3</sup> He made clear that we cannot accept the right of any government to break, unilaterally, solemn agreements to which we and others are parties. This principle must be upheld.

You will recall that for more than a decade the Western powers have been trying, in every feasible way, to bring about the unification of Germany. The Soviet Union has frustrated every such effort. One scarcely need ask why.

Establishment of a free, unified Germany does not coincide with the long-range objectives of the Soviet Union. At the least it would mean postponing the communization of Europe, which remains a Soviet goal of long standing.

The course we should pursue in these circumstances is clear. We must never succumb to Soviet blandishments. Our heritage of freedom requires us to stand firm. At the same time we must make unmistakably clear our willingness and readiness to engage, as reasonable men should, in meaningful negotiations.

Such negotiations must have as their primary purpose the maintenance of our rights in Berlin until the unification of Germany is achieved under conditions which will assure its people of their right to a government of their own choosing. We

cannot and we will not betray the trust of those millions of free Germans who depend upon the free world to protect them.

Since World War I we have repeatedly seen that hesitation and lack of resolution on the part of free countries invite aggression. As President Eisenhower recently declared,<sup>4</sup>

... all history has taught us the grim lesson that no nation has ever been successful in avoiding the terrors of war by refusing to defend its rights. ... The risk of war is minimized if we stand firm.

Even with good faith on both sides—which the Soviet Union has not always demonstrated—we cannot hope to settle the complex problem of Germany overnight. We can, however, continue to expect that a sound beginning can be made. Firmness, combined with reasonableness, now may be the most important key to meaningful negotiations with the Soviet Union. To follow any other course would invite the gravest perils to all we hold dear.

#### Disarmament

The problem of disarmament gives us yet another vantage point from which to view the challenge of Soviet diplomacy to the free world. Here the use of diplomacy to achieve the objectives of international communism has been subordinated to certain traditional Russian attitudes and concepts. These apparently must be maintained in order to perpetuate the present Soviet system.

Traditionally both imperial and Soviet Russia have suspected, distrusted, and even feared nearly everything foreign. They have normally regarded the outsider as a threat to the system imposed on the Russian people. We cannot afford to ignore this facet of Russian behavior, which is one of the driving forces of Soviet disarmament policy.

The United States and its allies have consistently sought agreement on comprehensive and balanced disarmament under effective international control. Such control naturally requires sufficient inspection on both sides in order to be reasonably certain that the terms of any agreement are in fact lived up to. In our proposals inspection involves entry into the territory of the parties to the agreement, although both the United States and the United Nations have made clear it must be carried out in such a way that no state would have cause to feel its security is endangered. It is on the question of

<sup>3</sup> *Ibid.*, Apr. 6, 1959, p. 467.

<sup>4</sup> *Ibid.*

inspection, however, that we have encountered almost insurmountable difficulties with the Soviet Union.

We remain ready and willing to negotiate effective disarmament agreements. We are prepared to permit Soviet representatives to participate in inspection arrangements in our territory. We do not fear their presence. In the circumstances envisaged, we would have nothing to hide.

The Soviet Union, on the other hand, continues to fear the presence and the impact of Western representatives in its territory. Consequently, it resists—almost psychopathically—effective international inspection.

Let me give you some illustrations. Shortly after World War II, when the United States had a nuclear monopoly, we submitted the so-called Baruch plan for the international control of atomic energy. This plan, which was one of the most generous proposals made in the history of sovereign states, was designed to insure that man's new knowledge of the atom would be used for the good of mankind. It provided for certain inspection and control arrangements to this end. This would have opened the Soviet Union—and the United States—to foreign inspectors. The Soviet Union rejected the plan.

Since last October we have sought to negotiate an agreement with the Soviet Union for the discontinuance of nuclear weapons tests under an effective control system. When free-world and Soviet experts agreed last summer<sup>a</sup> that it was possible to establish an effective control system to police an agreement to discontinue testing, we were hopeful that this indicated a significant change in Soviet attitudes. Now, after nearly 5 months of continuous negotiations with the Soviets, we find ourselves up against the same old stumbling block—the question of inspection and control.

The Geneva nuclear test talks are now stalled on three key issues. These are the question of the veto, the question of on-site inspection of suspected violations of the agreement, and the staffing of the control posts. On each of these issues the Soviet position reflects its traditional desire to deny or restrict access to Soviet territory to foreigners.

Let us look first at the problem of the veto.

The Soviet Union insists that there must be unanimity of the United States, the United Kingdom, and the Soviet Union on all matters of sub-

stance under the agreement. This would include amendments to the treaty; all matters relating to possible treaty violations; the findings of inspection teams; the dispatch of inspection teams to investigate possible nuclear explosions; changes in the control system; positioning of control posts; and all fiscal, administrative, logistic, and personnel questions.

Obviously the application of the veto power on this broad scale would render the control system meaningless and ineffective. The Soviet Union has advanced various technical arguments to support its position, but it appears to me that its main interest is to be sure that the machinery of the control system will in no way impair the ability of the Soviet Union to isolate its people from external influences.

This Soviet attitude is further borne out by the Russian proposals concerning on-site inspections. Here, too, the Soviet Union maintains that any inspection of an explosion or an unidentified event should only be made on the basis of unanimous decision. But it is perfectly clear to us that, unless inspection teams can be dispatched without hindrance, there can be no effective control system.

The Soviet Union objects to having teams of this nature cross its frontiers because, they allege, such teams could act as a cover for espionage. We have sought to meet this fear by expressing our willingness to have the host country prescribe the routes to be taken by on-site inspection teams and to assign liaison officers to insure that the teams do not exceed their proper functions.

The control mechanism to police an agreement to discontinue nuclear weapons tests recommended by the Conference of Experts provided for establishment of control posts in various parts of the world. We believe that the supervisory and technical personnel of such control posts should not be nationals of the countries in which the posts are located. We are quite willing to have such posts in this country supervised by Soviet nationals. By the same token, control posts in the Soviet Union should not be supervised by Soviet citizens, but by others.

It is true that the Soviet Union has expressed willingness to accept a limited number of non-Soviet personnel in the control posts located in the Soviet Union. At the same time, it has refused to clarify the duties and privileges of such personnel. Apparently they would serve as mere

<sup>a</sup> *Ibid.*, Sept. 22, 1958, p. 452.

observers. It appears that what the Soviets really want is self-inspection within their territory, which, in turn, would insure continued Soviet isolation from outside influence.

Can anyone believe that such a system, made up of Soviet inspectors, would provide us with the safeguards we need? Can anyone believe that Soviet nationals would be permitted to report Soviet violations of the agreement—and to report them promptly?

The Geneva nuclear talks will be resumed in the next few days. We sincerely hope that the Soviet Union may come to realize that the conclusion of an agreement for the discontinuance of nuclear testing, with an effective control system, is much more in its interests than its traditional policy of shutting off its territory from foreigners. Certainly, if they really want nuclear tests discontinued, we can make progress.

Time is on our side. Technological progress and constantly increasing mass communications facilities are making it more and more difficult for Soviet leaders to maintain the isolation of their people from the rest of the world. As the Soviet Union expands its own industrial and scientific facilities, contacts between the people of Soviet Russia and the free world will continue to increase. All this brings closer the day when the Soviet policy of secrecy will be abandoned and one great obstacle to controlled disarmament will be removed.

#### **The Soviet Economic Offensive**

Let us turn briefly to another aspect of Soviet diplomacy. I have mentioned the tremendously increased economic power of the Soviet Union. Armed with the formidable weapon of a totally controlled economy, Soviet diplomacy has not overlooked the golden opportunities inherent in the new wave of nationalism and the revolution of rising expectations in the underdeveloped areas.

To the Soviets in foreign trade, as in every facet of foreign policy, the end justifies the means. Soviet foreign trade has always been an absolute state monopoly with Soviet leaders able to turn trade off and on or to shift its direction to suit their strategy. Nations that become dependent upon trade with the Soviet Union for their well-being may soon discover what a dev-

astating weapon this is when it is placed in the hands of unscrupulous leaders.

Since 1954 there has been what might be called a strategic departure from the Soviet trade pattern. Eying the important prize of the newly developing countries of Asia, Africa, and Latin America, the U.S.S.R. is making a determined drive to penetrate and eventually subvert them. Since that year the Soviet Union, its satellites, and Communist China have extended \$2.4 billion worth of credits to these countries. In 1958 alone, these credits amounted to \$1 billion.

During 1957 Soviet bloc trade with underdeveloped free-world countries was \$1.7 billion. This was more than double such trade in 1954. And the upward trend is continuing.

Nor is this all. There are now 4,000 well-in-doctrinated and dedicated Soviet technicians operating in Asia, the Middle East, and Africa. This represents an increase of 65 percent in a single year.

In this connection we should not overlook the increased interest which Soviet leaders have shown in the economic, social, and humanitarian activities of the United Nations. For years they had only bitter criticism to offer for the U.N. Technical Assistance Program and the specialized agencies. More recently they have become active members of the International Labor Organization, the United Nations Educational, Scientific and Cultural Organization, the World Health Organization, and the International Atomic Energy Agency. If you can't lick them, join them, now appears to be their motto.

I might add that these economic weapons have been blended by Soviet total diplomacy with carefully calculated military assistance, propaganda, and political moves. Their short-range goal is to provoke and exploit friction between these nations and those of the West. Their long-range goal is to prepare for eventual Communist subversion and takeover.

We must not forget, however, that the United States pioneered the concept of helping the underdeveloped countries advance their social and economic well-being. Our efforts in this respect are not always publicized with the fanfare and headlines that Soviet assistance programs obtain. But our programs are designed to achieve results which are solid and lasting. Soviet foreign aid has as its purpose the furthering of the U.S.S.R.'s



goal of world domination. Our assistance from the very beginning has had but one purpose—to strengthen freedom.

I do not think it becomes a great nation like ours to boast about the assistance we have given. It is a fact, however, that the Marshall plan constitutes only a fraction of our postwar foreign aid. If we were to add the mutual security program and the contributions we have made through the Export-Import Bank, the World Bank, the International Monetary Fund, and various other types of assistance including United Nations programs, our total foreign aid would run to something like 72 billions of dollars since 1945. This figure serves as clear proof of our deep interest in helping to build a stable and a peaceful world.

Many people ask whether the United States can afford the mutual security program. My answer to them would be clear and unequivocal: Of course our economy can safely bear the cost of this program. The total mutual security appropriation for 1959, which amounts to \$3.3 billion, is only 0.75 percent of the estimated United States gross national product.

Excluding military assistance, funds for our mutual security program for all economic purposes run to about two-thirds of 1 percent of our gross national product—which is less than we spend each year for cosmetics. Our mutual security program provides us with the greatest amount of security at the lowest possible dollar cost. It assists less developed free countries to build sufficient economic strength to maintain their freedom and sustain peace. I say that it is so vital to the conduct of American foreign policy that we cannot afford *not* to have it.

Neither we nor our allies have the complete identity between government and economy that the Soviet Union has—nor, I am sure, would we wish to. But there is a long history in the West of an effective working partnership between government and private enterprise in times when the existence of our free society has been seriously threatened. We are now living in such a time. We will continue to for the foreseeable future. I suggest that the hour has come when we should find new, imaginative, and effective ways to implement a vigorous and voluntary working relationship between free enterprise and free government.

### Soviet Propaganda Techniques

In the arsenal of Soviet total diplomacy no weapons are more important than those of psychological warfare and propaganda. In addition to its own gigantic propaganda machine at home, the U.S.S.R. exploits the many opportunities to advance its objectives which are presented by the worldwide network of mass communications media, both free and controlled.

For example, every time Mr. Khrushchev makes a speech, the text is normally faithfully and fully reported throughout the free world in its press and by other mass information media. Similarly every Soviet diplomatic note of any importance is printed. Even the cocktail talk of Mr. Khrushchev is reported as news in the free world, thus presenting the Soviet Union with a tailor-made trial-balloon device. His statements can readily be denied—and have been—when it suits the Soviet purpose. If the balloon floats, informal conversation may be elevated to the dignity of a pronouncement of state policy.

In sharp contrast, the addresses of Western leaders, and their press conferences, diplomatic correspondence, and formal statements of policy, are almost never published in full in the Soviet press and often are not even summarized. On those rare occasions when they are published, it is invariably after considerable delay. Even more, the texts which are quoted are frequently emasculated, interlarded with editorial comment, and very often accompanied by lengthy rebuttal. President Eisenhower's recent address to the Nation on the Berlin crisis was reported in the Soviet Union in the usual selective terms. For example, his assertion that "... the American and Western peoples do not want war" was not reported by any major Soviet media.

These are but a few striking examples of how Soviet diplomacy utilizes and exploits media of public information as a weapon. In spite of their talk about "the ruling circles," the Soviet leaders are well aware that real power in the free world ultimately rests with the general public rather than any governing group. They know full well that every utterance or action of an American diplomat receives closest public scrutiny and criticism. Soviet leaders, therefore, seize every opportunity to appeal to the people of the free world over the heads of their governments. Such appeals, which are often accompanied by dis-



tortion and plain untruth, are a standard technique of Soviet diplomacy.

In combating this worldwide Soviet propaganda campaign, our information program based on truth has become a potent weapon. Its emphasis on fact and moderate tone have given it a growing reputation for reliability that has resulted in a vast and constantly increasing audience among the peoples in the Communist empire. The best testimony to the effectiveness of the United States Information Agency is the fact that the Soviets spend more money on jamming its broadcasts than USIA spends on its entire operation.

I might also add that each issue of the Agency's magazine *America Illustrated* is a sellout the moment it arrives on the Soviet newsstands. Obviously there is a growing number of Soviet citizens who want to know the truth. Indeed, their number may be much greater than we think.

#### Concluding Comments

In view of the frustrations we have encountered, some Americans seem to oppose any serious attempt to negotiate with the Russians. Given the unreasonable attitude of the Soviet Union, the argument runs, given their rigid approach toward world problems, how can we ever expect to arrive at any serious agreement with them?

Admittedly there is much to be said for this argument. The fact is the Soviets *are* inflexible. They *are* rigid. They *are* unbending. They *are* difficult, uncompromising, stubborn, intractable, and obdurate.

But the facts also show that it is not impossible to find important areas of agreement with the Soviet Union. Three examples will suffice to make my point. In 1955, after 10 long years of frustrating negotiations, they finally agreed to the Austrian state treaty. In 1957, after considerable opposition, they signed the statute of the International Atomic Energy Agency. Finally, in 1958, after extremely difficult negotiations, they agreed to the terms of the Lacy-Zaroubin exchange agreement.\*

Now these examples demonstrate that perhaps it is not impossible to get blood out of a turnip. They demonstrate that, if we search hard enough and persistently enough, it is not impossible to find certain areas of agreement with the Soviet Union.

\*For text, see *ibid.*, Feb. 17, 1958, p. 243.

No one can doubt that the task ahead of us will be a long and tedious one. It will call for many years of determined effort and sustained sacrifice on the part of the free peoples everywhere.

In our negotiations with the Russians we should always remember that they are not an impatient people. They are never in a hurry to get away from an international conference. They believe that history is on their side. And they are content to bide their time, constantly testing and probing for soft spots.

On our part we must do what we can, therefore, to develop an infinite amount of patience. Moreover, if we are to throw back the Communist challenge, we must display at least as much firmness, persistence, and determination as the Russians.

If we will pursue this course, Soviet leaders, encouraged by world opinion, may come to realize that it is in their own national interest to relax tensions and to come to further agreement with free-world nations.

Above all we must never give up our eternal quest for a just peace. We must never give way to despair. We must never allow ourselves to become fatalistic about the prospects of war. Thucydides reminds us that fatalism tends to produce what it dreads, for men do not oppose that which they consider inevitable.

In these circumstances free-world strategy should be clear. If the free nations will hold fast to those policies which deter armed attack; if they will continue to support the purposes and principles of the United Nations Charter; if they can, through constructive economic programs, prevent Communist subversion in the underdeveloped areas; and if they will demonstrate, by word and deed, the enduring values of freedom, then we can be sure the cause of free men will prevail.

## World Health Day

### *Statement by President Eisenhower*

White House press release dated April 7

On this day, the 11th anniversary of the adoption of the constitution of the World Health Organization, it is a privilege to join with my fellow citizens and with citizens of other nations in observing World Health Day.

The theme of this year's observance, "Mental

*Illness and Mental Health in the World Today,"* calls attention to the necessity of learning more about the nature of mental illness and applying more fully the knowledge we now have of ways to maintain sound mental health. This is one of the great areas of human need which requires our active concern working in concert with our neighbors in the United Nations.

## **U.S. Note on Japan and Baltic Sea Plane Incidents Sent to Soviets**

*Following is an exchange of notes between the United States and the U.S.S.R. concerning Soviet attacks on U.S. aircraft on November 7 and 8, 1958.*

### **U.S. NOTE OF MARCH 25<sup>1</sup>**

Reference is made to the Ministry's note No. 18/OSA of March 5, 1959, concerning incidents which occurred on November 7 and 8, 1958, which involved attacks by Soviet fighter aircraft on an American aircraft over the Baltic Sea and simulated attacks by Soviet fighter aircraft on an American aircraft over the Sea of Japan.

In its note the Soviet Government suggested that such flights by these American aircraft are a continuous source of strained relations between the United States and the U.S.S.R.

It is recognized as an unsatisfactory state of affairs indeed when in place of easy passage to and fro by land, sea and air, as is normal elsewhere, there is an atmosphere of hostility arising from the isolation of a segment of the earth's surface. But certainly it is this atmosphere and the sensitivities engendered by it, and not the flight of American military aircraft in areas near frontiers of the Soviet Union, which impose certain strains in relations mentioned in the Soviet note.

The United States Government has no desire to add to such tensions. Actually it deplores the fact that the Soviet Government, in its note of March 5, 1959, has considered it expedient to contend that during the incident in the Baltic Sea

area on November 7, 1958, there was an attack by an American military plane on a Soviet fighter. The facts in the incidents of November 7 and 8, 1958, were clearly set forth in the United States note No. 462 of November 13, 1958.<sup>2</sup> Specifically, a United States Air Force aircraft was twice fired upon by Soviet fighter aircraft on November 7 at a position over the Baltic Sea approximately 66 miles from the nearest Soviet territory. These attacks were launched from behind and without warning; the American aircraft did not fire. Later that day and early on the following day, Soviet fighter craft made simulated attacks, without firing, on an American Air Force aircraft over the Sea of Japan at points more than 60 miles from the nearest Soviet territory.

The Soviet Government is attempting to divert attention from these facts by making reference to "violations" of Soviet airspace. The Soviet Government is fully aware that no violations of Soviet airspace were involved in these incidents in any way.

In its note, the Soviet Government has expressed an expectation that the United States deny itself use of international airspace or airspace of other countries in a manner mutually agreeable to the United States and those countries. This is clearly unjustifiable and does not contribute toward easing the strained relations between the United States and the U.S.S.R. referred to in the note.

### **SOVIET NOTE OF MARCH 5**

Unofficial translation

No. 18/OSA

In connection with the note of the Government of the United States of America of January 2, 1959 which is in answer to the note of the Soviet Government of December 15, 1958,<sup>3</sup> the Government of the U.S.S.R. fully confirms its note of December 15, 1958, concerning the flights of American military planes with hostile aims close to Soviet frontiers on the 7th and 8th of November, 1958, in which a decisive protest is made to the Government of the United States of America against the wholly unprovoked firing attack by an American military plane on a Soviet fighter close by the territory of the U.S.S.R.

The Soviet Government expects that the Government of

<sup>1</sup> Delivered to the Soviet Ministry of Foreign Affairs by the American Embassy at Moscow on Mar. 25 (press release 249 dated Apr. 6).

<sup>2</sup> For text, see BULLETIN of Dec. 8, 1958, p. 909.

<sup>3</sup> For texts of U.S. and Soviet notes, see *ibid.*, Jan. 26, 1959, p. 134.

the United States of America will take the necessary measures and will forbid its air forces to send planes to the state boundaries of the U.S.S.R. and to violate these boundaries, thus eliminating one of the continuous sources of strained relations between the Soviet Union and the United States. For this it is necessary for the Government of the United States to do only one thing—to give the necessary order to its air forces and this depends only upon the Government of the United States of America. Until the time when the Government of the United States of America will do this, no statements will be able to free it from that heavy responsibility which it will bear for the consequences of dangerous flights of American planes close by the borders of the Soviet Union and for the violation by them of the airspace of the U.S.S.R.

### **Development Loans**

#### *Jordan, Nigeria, Pakistan, and Uruguay*

The United States on April 10 announced the authorization of four loans totaling \$14.1 million by the Development Loan Fund to finance development projects in Jordan, Nigeria, Pakistan, and Uruguay. For details, see Department of State press release 256 dated April 10.

#### *Korea*

Signing of a loan agreement at Washington, D.C., by which the Development Loan Fund will lend \$3.5 million to the Government of Korea to help further restoration of war-damaged telecommunications facilities in Korea was announced on April 10 by the Department of State. For details, see press release 255 dated April 10.

#### *Thailand*

The United States and the Government of Thailand signed an agreement on April 10 at Washington, D.C., by which the Development Loan Fund will lend Thailand \$1,750,000 to be used by the Port Authority of that country for the purchase of a 2,000 cubic meter hopper dredge to help maintain the channel of the Chao Phraya

River at the port of Bangkok. For details, see Department of State press release 258 dated April 10.

### **U.S. Makes Loan to Iceland for Hydroelectric Project**

Press release 257 dated April 10

The United States on April 10 signed an agreement with the Government of Iceland lending the equivalent of \$1,760,000 in U.S.-owned Icelandic currency to the Iceland Bank of Development to assist Iceland's economic development.

The proceeds will be applied largely to finance continued construction on the Upper Sog hydroelectric project, which was started in early 1957. This project is expected to be completed within a year, at which time it will augment the electricity supply of the southwest part of Iceland, where the capital city of Reykjavik is located. Some of the proceeds will be applied to extend the transmission lines to the Keflavik area.

The loan is being made by the International Cooperation Administration from Icelandic currency which the United States received from the sale of surplus agricultural commodities to Iceland under provisions of P.L. 480, the Agricultural Trade Development and Assistance Act. The loan is part of ICA's program of economic assistance to Iceland under the U.S. mutual security program.

Ambassador Thor Thors, representing the Iceland Government and the Iceland Bank of Development, signed the agreement for his country. Samuel C. Waugh, president of the Export-Import Bank of Washington, signed for the United States. The Export-Import Bank will administer the loan for ICA. The loan will be repayable over a period of 20 years either in dollars or Icelandic currency at an interest rate of 3½ percent.

## Senate Approval Sought for Treaty With Sultanate of Muscat and Oman

*Statement by W. T. M. Beale*

*Deputy Assistant Secretary for Economic Affairs*<sup>1</sup>

I am appearing before the committee in support of the treaty of amity, economic relations, and consular rights with the Sultanate of Muscat and Oman.<sup>2</sup> This treaty is similar to others with countries in the Middle East which the United States has entered into during the past several years: specifically, the treaties with Ethiopia,<sup>3</sup> approved by the Senate on July 21, 1953, and with Iran,<sup>4</sup> approved by the Senate on July 11, 1956.

Like these latter the treaty with Muscat and Oman is an abridged version of the traditional treaty of friendship, commerce, and navigation. As such, it is in a form believed to be better suited to conditions of economic intercourse between the United States and the Sultanate than a commercial treaty of the lengthier and more detailed kind.

In both form and substance, however, it adheres to the general pattern of the standard treaty of friendship, commerce, and navigation. Its broad objectives are the same: to further the investments, trade, and shipping of the United States and to provide for the protection abroad of American citizens, their property and other interests, on a reciprocal basis. The provisions through which the treaty seeks to attain these objectives with respect to the Sultanate are based upon existing precedents and contain no innovations raising problems of domestic law.

The most important substantive features of the treaty are pointed out in the report of the Acting Secretary of State [Christian A. Herter] which accompanies the treaty. To supplement and am-

plify that material, the Department has prepared a paragraph-by-paragraph tabular comparison, which indicates the very considerable degree of correspondence between the provisions of this treaty and of the treaty with Iran. I now offer this table to the committee.<sup>5</sup>

While it seems unnecessary to repeat here the data contained in these two papers, I might observe that the treaty with the Sultanate reflects a somewhat greater degree of abridgment of the standard type of treaty than its Iranian counterpart. This reflects nothing more, however, than a differing assessment of the present and probable future situation of American interests in the two countries.

United States business and other interests in Muscat and Oman are not extensive. The principal economic activity in which Americans are engaged is the development of petroleum resources. The treaty contains provisions which it is believed will cover adequately and effectively the basic needs of concerns carrying on extractive and other industrial activities, as well as merchants and traders generally, and will enable them to conduct their operations with assurance of fair treatment, in accordance with agreed rules. Special reference might be made in this regard to article IV, paragraph 2, which contains the fundamental rule that property may not be taken without the payment of just compensation, and article V, paragraph 2, which provides that business enterprises may not be discriminated against in the conduct of their operations within the country. The latter is in fact if not in specific terms a guarantee of national and of most-favored-nation treatment.

In addition the new treaty will furnish an agreed basis for the eventual reopening of an American consulate in Muscat and for its staffing and maintenance on terms customary in United States and in international practice generally.

The Department of State is gratified that the committee has been able to schedule consideration

<sup>1</sup> Made before the Senate Foreign Relations Committee on Apr. 7 (press release 251).

<sup>2</sup> For text of the treaty, together with the President's letter of transmittal and a report by Acting Secretary Herter, see S. Ex. A, 86th Cong., 1st sess.

<sup>3</sup> 4 UST 2134.

<sup>4</sup> 8 UST 899.

<sup>5</sup> Not printed here.



of this treaty during the present session. The Sultan of Muscat and Oman, as an absolute ruler, will be in a position to exchange ratifications as soon as our constitutional procedures are completed. When it comes into effect this treaty will replace one of the oldest treaties of the kind in force with a foreign country, that concluded with the Sultanate in 1833.

The new treaty, which is the 17th of its general type to be signed by the United States during the postwar period, establishes a conventional basis for general relations between the United States and the Sultanate on terms that take due account of American interests in that country and of its current stage of economic development. As such it promises a fruitful further development of those relations and, as in the case of every such treaty, a significant contribution to strengthening the rule of law in dealings between nations.

## Department Opposes Quotas on Fluorspar

*Statement by Thomas C. Mann  
Assistant Secretary for Economic Affairs*<sup>1</sup>

The Department of State is strongly opposed to the enactment of S. 1285, a bill "To provide for the preservation and development of the domestic fluorspar industry." This bill would institute quotas for domestic production and imports. The basic formula would provide an annual quota for the domestic industry of 200,000 tons for fluorspar containing more than 97 percent calcium fluoride and 125,000 tons for lower grade fluorspar; the import quotas would be equivalent to the difference between the domestic quotas and estimates of annual domestic consumption. The effect of the bill would be to restrict imports in the interest of national security.

The Congress established a standard procedure, under section 8 of the Trade Agreements Extension Act of 1958, for the investigation of the effects on the national security of imports and for the imposition of import restrictions if it is determined that they are necessary to prevent a threat of impairment to the national security.

<sup>1</sup> Made before the Minerals, Metals, and Fuels Subcommittee of the Senate Committee on Interior and Insular Affairs on Apr. 10 (press release 254).

At the present time the Office of Civil and Defense Mobilization is conducting such an investigation regarding imports of fluorspar under this procedure. We consider that this is the best method presently available for a thorough, objective evaluation of the complicated issues involved in this type of problem.

While we fully appreciate the concern of those who feel that imports of fluorspar may seriously impair the domestic industry, there is also a procedure established by law which provides safeguards to domestic industries against injury from increased imports resulting in whole or in part from trade agreement concessions. Under the escape-clause provisions of the trade agreements legislation, the domestic industry producing fluorspar containing more than 97 percent calcium fluoride may apply to the Tariff Commission to institute an investigation. If the Commission determines, on the basis of such an investigation, that increased imports are causing or threatening serious injury to a domestic industry, it recommends to the President increased duties or other import restrictions. He has the authority to decide what action should be taken in the national interest.

The restriction of imports that would result from the enactment of the proposed bill, in the absence of clear evidence that it is necessary in the interest of national security or to prevent serious injury to the domestic industry, would be directly contrary to the administration's policy of expanding the international trade of the United States so as to increase our economic strength and that of our allies. The extent of the potential trade restriction is illustrated by the fact that if the legislation had been in effect during 1956/57 our average annual imports of fluorspar for commercial uses would have been approximately 308,000 tons as against the actual figure of 441,000 tons. This would have adversely affected exports from Mexico, Italy, West Germany, and other countries and substantially reduced their ability to buy from the United States.

There are a number of other points about the proposed legislation which concern us. We are informed by the Department of the Interior that it would be necessary to allocate the domestic production quotas to the various producers so as to provide equitable treatment of the companies concerned. Thus the production of individual companies would be controlled by Government



fiat rather than the free play of market influence. This artificial restriction of competition between domestic companies, as well as the curtailment of imports resulting from the legislation, would tend to increase prices. Consequently the competitive position of American industries which use fluorspar products as important raw materials would be impaired. The price increases would also have a general inflationary influence. In summary, the basic features of the bill appear to be directly contrary to the principles of our free enterprise system, upon the strength and vitality of which we are relying to meet the Soviet economic challenge.

It might be mentioned also that the provisions of the bill relating to the barter of surplus agricultural products under Public Law 480 in exchange for fluorspar from abroad would serve no useful purpose. Statutory authority already exists for the acquisition of fluorspar under the barter program, and significant quantities of fluorspar have actually been so acquired. Furthermore, although such acquisitions could be increased under existing legislation, it is the judgment of the Department of State that an enlargement of the barter program would have the effect of displacing ordinary commercial exports of farm products by the United States and by certain foreign countries whose economic strength is important to the United States. Finally any acquisition of additional supplies of fluorspar by the Government under the barter program would tend to aggravate the future problem of disposing of the Government's surplus holdings without causing injury to domestic and foreign producers.

## Congressional Documents Relating to Foreign Policy

### 86th Congress, 1st Session

**United States Foreign Policy.** Hearings before the Senate Foreign Relations Committee. Statements of Secretary of State John Foster Dulles and Under Secretary of State for Economic Affairs Douglas Dillon. January 14-21, 1959. 59 pp.

**Foreign Service Appointments.** Hearings before the Senate Foreign Relations Committee. January 27, 1959. 43 pp.

**Disarmament and Foreign Policy.** Hearings before a subcommittee of the Senate Foreign Relations Committee pursuant to S. Res. 31. Part 1. January 28-February 2, 1959. 198 pp.

**National Science Foundation-National Academy of Sciences.** Hearings before the subcommittee of the House Committee on Appropriations. Report on the International Geophysical Year. February 1959. 198 pp.

**The American Overseas.** Hearing before the Senate Committee on Foreign Relations. Statements of several educators. February 18, 1959. 48 pp.

**Treaty of Amity, Economic Relations, and Consular Rights With the Sultan of Muscat and Oman and Dependencies.** S. Ex. A. February 26, 1959. 11 pp.

**Bretton Woods Agreements Act.** Hearings before Subcommittee No. 1 of the House Committee on Banking and Currency. March 3-6, 1959. 92 pp.

**Convention With Cuba for the Conservation of Shrimp.** S. Ex. B. March 5, 1959. 7 pp.

**Amend Bretton Woods Agreements Act.** Hearings before the Senate Foreign Relations Committee on S. 1094. March 9-17, 1959. 129 pp.

**Mutual Security Program.** Message from the President of the United States relative to the mutual security program. H. Doc. 97. March 13, 1959. 13 pp.

**Authorizing Free Communication Services to Official Participants in the Ninth Plenary Assembly of the International Radio Consultative Committee.** Report to accompany H.J. Res. 257. March 13, 1959. 4 pp.

**An Investigation of Refugees and Escapees.** Report of the Committee on the Judiciary, United States Senate, made by its Subcommittee To Investigate Problems Connected With Refugees and Escapees pursuant to S. Res. 239, 85th Congress, 2d session, as extended. S. Rept. 101. March 16, 1959. 4 pp.

**Trade Fair Act of 1959.** Report to accompany H.R. 5508. H. Rept. 213. March 16, 1959. 3 pp.

**Authorizing United States Participation in Parliamentary Conferences With Canada.** Report to accompany H.J. Res. 254. H. Rept. 215. March 17, 1959. 3 pp.

**Amendments to the Bretton Woods Agreements Act of 1945, as Amended.** Report of the Committee on Foreign Relations on S. 1094 to amend the Bretton Woods Agreements Act. S. Rept. 109. March 18, 1959. 15 pp.

**Authorizing Construction for the Military Departments and Reserve Components.** Report to accompany H.R. 5674. H. Rept. 223. March 18, 1959. 74 pp.

**Bretton Woods Agreements Act.** Report of the Committee on Banking and Currency, House of Representatives, 85th Congress, 1st session, on H.R. 4452. H. Rept. 225. March 18, 1959. 17 pp.

**Authorizing Appropriations to the National Aeronautics and Space Administration.** Report to accompany S. 1096. H. Rept. 226. March 18, 1959. 9 pp.

**Results From Recommendations Made During 85th Congress in Reports of Committee on Government Operations, House of Representatives.** H. Rept. 228. March 18, 1959. 174 pp.

**Administrative Authorities for National Security Agency.** Report to accompany H.R. 4599. H. Rept. 231. March 19, 1959. 10 pp.

**Amendments to the Budget for Fiscal Year 1960 for the Legislative Branch and the U.S. Information Agency.** Communication from the President. H. Doc. 100. March 19, 1959. 2 pp.

**Protocol of Amendment to the Convention on the Inter-American Institute of Agricultural Sciences.** S. Ex. C. March 19, 1959. 9 pp.

**Study of United States Foreign Policy.** First interim report of the Senate Committee on Foreign Relations pursuant to S. Res. 31. S. Rept. 118. March 19, 1959. 26 pp.

**Invitation To Hold the 1964 Olympic Games in the United States.** Report to accompany S.J. Res. 73. March 19, 1959. S. Rept. 119. 3 pp.

**Extending an Invitation to the International Olympic Committee To Hold 1964 Olympic Games in the United States.** Report to accompany H.J. Res. 300. H. Rept. 236. March 20, 1959. 3 pp.

## Fifth Meeting of the Council of the Southeast Asia Treaty Organization

*Following is an address made by Douglas Dillon, Under Secretary of State for Economic Affairs, at the opening session of the fifth annual meeting of the Council of Ministers of the Southeast Asia Treaty Organization, which met at Wellington, New Zealand, from April 8 to 10, together with the text of a communique issued at the close of the meeting.*

### ADDRESS BY UNDER SECRETARY DILLON, APRIL 8

Mr. Chairman [Walter Nash, Prime Minister of New Zealand], I should like to express the appreciation of the U.S. delegation for the kind words of welcome from His Excellency, the Governor General [The Viscount Cobham, Governor General of New Zealand], and from you yourself, sir. And may I add my congratulations upon your election as chairman of this fifth Council meeting. We are indeed fortunate that a statesman of your wisdom and experience is to preside over our deliberations here in the capital of this beautiful and hospitable land.

The honor I feel at representing the United States at this fifth Council meeting is tempered only by regret that circumstances have compelled Secretary Dulles to break his perfect record of attendance at SEATO Council meetings. Mr. Dulles has requested me to express his deep disappointment over his inability to be here and to convey his personal greetings to the delegates, with many of whom he has been privileged to associate at past Council sessions.

Before I left for Wellington President Eisenhower also asked me to extend his best wishes for the success of this meeting. The traditional friendly interest of the United States in the lands washed by the Pacific is well known to all of you. This year, happily, it becomes even more intimate for now Hawaii is about to join our Union as the

50th State, following on the heels of Alaska's admission last year. This evidences the continuing interest of my countrymen in the great Pacific Basin and in the region we here refer to as the SEATO area.

The United States takes deep satisfaction in the achievements of SEATO. SEATO has fully lived up to its vital role as an integral part of the free world's collective defense system. Only in the upside-down language of international communism is SEATO anything but a purely defensive alliance established in accordance with the United Nations Charter.

We are gathered here because our countries have chosen not to surrender to a materialistic and bold imperialism which seeks to regiment the bodies and minds of all mankind.

### Benefits Deriving From SEATO

The members of SEATO are, I believe, benefiting in many ways from the free association of this organization. Foremost is the priceless security that derives from our union. We are better prepared to counter Communist subversion and aggression because of our association in military planning and combined military exercises.

The increasingly effective political consultation by the Council representatives is proving to be a source of growing strength and unity. Our mutual efforts in the cultural, economic, and informational fields are promoting greater understanding among our peoples. This increasing understanding and our common dedication to the growth of freedom and social progress insure the triumph of the cause of liberty throughout the treaty area.

The true measure of SEATO's worth is the simple fact that since we joined to create its protective shield there has been no Communist aggression against the treaty area. The nations of Southeast Asia have thus been freed to devote

their primary efforts to the development of their national well-being.

When we recall the difficult and unpromising situation in Southeast Asia at the time of SEATO's birth, the significance of this accomplishment becomes apparent.

In Iran their tactics have taken the form of harsh Soviet threats against the Government. Their assault on the freedom of the 2 million inhabitants of West Berlin has been a combination of military threats and diplomatic moves.

As we meet today we are supremely aware that, on the high mountains and plateaus of Tibet, brave men are fighting for their freedom against a form of tyranny more totally repressive than any in history. The conscience of no free nation on earth can tolerate this latest Communist outrage.<sup>1</sup>

With the escape of the Dalai Lama the lie has been given to the Peiping claim that he was kidnapped by the Khamba tribesmen or that the Tibetans in any way consented to Chinese Communist actions. We rejoice that he is safe and can remain not only as a living symbol of those values cherished by the brave Tibetan people and many others but also as a reminder of the true meaning of Communist coexistence. As in the case of the Hungarian uprising the facts cannot be hidden from the world, and the world will not forget.

Last summer, as you know, the United States responded to the Communist challenge in the Taiwan Strait with firmness. During this crisis the Chinese Communists made it starkly clear they would accept no settlement that did not entail the destruction of the Republic of China, the seizure of Taiwan, and United States withdrawal from the entire area.

The Soviets publicly associated themselves with this position in Khrushchev's letter to President Eisenhower,<sup>2</sup> in Mikoyan's<sup>3</sup> much-publicized television interview, and elsewhere. The United States will, of course, not capitulate to such demands.

Our friends may rest assured that we remain as firmly convinced as ever that our security is intimately bound up with the maintenance of their

rights and freedom whether they be in Europe, in Asia, or elsewhere, and that our policies and actions will always conform to this basic principle.

But we all recognize that firmness in the face of Communist aggression is not enough. We ourselves must move forward in the economic and social fields. One of the imperatives of our times is the call for cooperative effort among free-world countries to improve living conditions in the less developed areas of the world.

#### **U.S. Efforts To Aid Less Developed Areas**

The United States has over a period of years devoted very substantial efforts and resources to this end. We have, for example, been able to contribute some \$4,000 million in various kinds of economic aid to Colombo Plan countries since the Plan's inception. I am confident that the United States and other free-world countries would devote even greater resources to this pressing task were it not necessary for us to devote so large a share of our resources to building needed defenses against Communist aggression.

This past year has witnessed numerous initiatives by the United States in the economic field. Last August President Eisenhower recommended substantial increases in the resources of the World Bank and the International Monetary Fund in order to permit these institutions to carry on and expand their outstanding work in the fields of development and monetary stability. The governors of the two institutions have recommended a specific program for such increases. Legislation providing for the U.S. share in these increases—over \$4,500 million—has already been passed by both Houses of the U.S. Congress and is expected to become law in the near future.<sup>4</sup>

Another U.S. initiative that is bearing fruit this year is the Special Fund of the United Nations designed to undertake major surveys of development problems in the less developed areas. The U.N. has called a leading American exponent of development, Mr. Paul Hoffman, to direct the work of this new agency.<sup>5</sup>

The United States has long recognized the problems created for less developed countries by

<sup>1</sup> For a statement by Acting Secretary Herter on the situation in Tibet, see BULLETIN of Apr. 13, 1959, p. 514.

<sup>2</sup> For the exchange of correspondence, see *ibid.*, Sept. 29, 1958, p. 498.

<sup>3</sup> Anastas Mikoyan, Soviet First Deputy Premier, was in the United States on an unofficial visit Jan. 4-20.

<sup>4</sup> For background, see BULLETIN of Mar. 30, 1959, p. 445.

<sup>5</sup> For a statement by Ambassador Lodge presenting to Mr. Hoffman the United States' initial contribution to the Fund, see *ibid.*, Feb. 23, 1959, p. 284.



fluctuations in the price of primary commodities. In keeping with this concern the United States last year joined the U.N. Commission on International Commodity Trade. We are hopeful that this Commission will serve a useful purpose in promoting greater understanding of the problems facing various primary producers and so show the way toward solutions. Finally, last year, as a mark of our continuing interest in technical cooperation throughout free Asia, the United States decided to become a full member of the Technical Cooperation Council of the Colombo Plan.

These actions, together with our continuing bilateral programs, are indicative of our unflagging determination to work for the social and economic progress of the less developed areas.

Mr. Chairman, fellow delegates, the U.S. delegation welcomes the opportunity during the next 3 days to participate with you in deliberations which, I am certain, will aid us all in charting our course in the troubled but increasingly interdependent world in which we live.

#### **FINAL COMMUNIQUE, APRIL 10**

Press release 250 dated April 10

The fifth meeting of the SEATO Council was held in Wellington from April 8 to 10, 1959, under the chairmanship of the New Zealand Prime Minister and Minister of External Affairs, the Right Honorable Walter Nash.

The Council is conscious that the security of any one region is linked with that of other areas of the world, and that therefore it cannot effectively discharge its responsibilities without taking account of major developments elsewhere. It accordingly attaches special importance to its annual exchange of views on the general international situation. This year's discussion was considered by Council members to have been extremely valuable. Its freedom and frankness reflect the atmosphere of full confidence and mutual understanding which exists among its members. The Council discussed reports and recommendations by the Council representatives, the Military Advisers and the Secretary General, and in the light of them gave directions with regard to the activities of the organization in the coming year. The Council commended the effective work of the Secretary General, Nai Pote Sarasin, and his staff. The members of SEATO reaffirm their undertaking in article I of the Manila Treaty to seek the settlement of international disputes by peaceful means and to refrain in their international relations from the threat or use of force in any manner inconsistent with the purposes of the United Nations.

The members of SEATO reemphasized their common determination to resist aggression. They are convinced that SEATO is providing an effective deterrent to aggression and is demonstrating the value of a collective

security organization established in accordance with the Charter of the United Nations. They noted that since the establishment of SEATO four years ago no aggression against the treaty area has been attempted. Confidence and stability have noticeably increased. This is in marked contrast to the threatening situation which existed when SEATO was formed in September 1954 and is ample evidence of the steadying influence of the alliance.

However, during the past year developments in the Taiwan Strait and elsewhere have demonstrated that the Communists are still prepared to pursue their objectives by violence up to the point where they encounter firm resistance. Despite the continuing possibility of open aggression the principal threat to the security and independence of the treaty area is now being presented in more indirect forms. These call for imaginative and varied counter measures.

Mobility and flexibility have long been characteristic of the SEATO alliance. Similar qualities are being developed in response to the diverse nature of the Communist challenge. The Council members are aware of the opportunities afforded for subversive activities in situations where basic problems of hunger, lack of opportunity and underdevelopment remain unsolved. In these circumstances not only ceaseless vigilance, but also positive measures, are the price of freedom.

So far SEATO has done much to publicize and expose throughout the treaty area the objectives towards which subversion is directed and the methods by which it operates. The SEATO Council remains conscious of continuing disorder and has agreed that during the coming year arrangements should be made for the further strengthening of this aspect of SEATO's work. For example, it is proposed that a meeting of experts on counter-subversion should be held in Pakistan.

The Council members recognize the need for continuing action in the economic and social sphere. Under article III SEATO members are pledged to cooperate in the economic field. During the last four years considerable progress has been made in the development of economic measures in consonance with treaty objectives.

It was recognized that the raising of living standards and the provision of opportunity for advancement are important to the security of the area. It was agreed that poverty and underdevelopment are problems affecting several countries in the area and must be dealt with on the broadest possible basis. Account was taken of the substantial volume of aid already afforded under the Colombo Plan, United Nations and bilateral programs.

Special attention is paid by SEATO to questions arising out of treaty commitments. These include shortages of skilled labor, strains resulting from defense preparedness and the needs of underdeveloped areas.

Several multilateral SEATO economic activities directed toward solving the above problems are now gaining momentum. A number of skilled labor projects have been started and the SEATO graduate school of engineering in Bangkok is scheduled to open in September of this year. With reference to the latter program additional substantial offers of assistance were accepted with pleasure by the Council.



On the initiative of Thailand the Council representatives were instructed to study the feasibility of setting up in the Asian member countries rural development centers equipped to give vocational guidance and to advise the population on ways and means to improve their livelihood, health, and education and information facilities.

The Council welcomed and approved a United States proposal to initiate a special SEATO project in cholera research and invited member governments to participate in this project. The Council believes that it would be useful to undertake a concentrated program aiming at assisting in the better control and if possible the eradication of the scourge of cholera.

SEATO is concerned with study of the effects of Communist economic activities in the treaty area. While the expansion of legitimate trade by all countries of the world is to be encouraged, it is in the interests of international order that where Communist economic activity is clearly dictated by political motives, this should be identified and exposed.

The Council approved the outlines of a long-term program of multilateral cultural projects which will supplement the substantial bilateral contacts which already exist. Special importance was placed upon the continuance of the award of scholarships, professorships, fellowships and travelling lectureships in member countries and upon the holding of a conference of leaders of universities.

The Council believes that the present programs have been conspicuously successful and indicate that diversity of culture and tradition can in fact enrich mutual understanding and trust.

The Council noted with special pleasure the progress towards self-government and independence being made in territories administered by member countries. This constitutes a practical example of the manner in which the principles of the Pacific Charter are being fulfilled by member countries. It illustrates that SEATO's concern for stability and security is no barrier to action by its members to promote political progress and social change.

The Council noted the stark contrast between these developments and the situation in Tibet and other areas subject to Communist domination. As members of the free world community the members of SEATO share the general concern at developments in Tibet and the widely expressed abhorrence of the violent and oppressive measures employed against the Tibetan people.

The Council noted the report of the Secretary General on his visits to NATO and Baghdad Pact headquarters. They agreed that there was value in the maintenance of contacts of this nature with other collective security organizations faced with similar tasks and problems.

In noting and approving reports of the military advisers and their recommendations for future activities, the Council reaffirmed the necessity for continued planning of defensive measures against possible aggression directed at the treaty area.

During the year Brigadier L. W. Thornton of New Zealand assumed the post of chief of the SEATO Military Planning Office. The Council commended the work done under his leadership, which has proved the value of this central and permanent planning machinery.

Further military exercises were held during the past year. All were of a defensive and training character and forces or observers of all member nations participated. Exercises of this nature have special value in improving coordination and the level of training. In the event of the need to resist aggression, SEATO's effectiveness must depend on the ability of its forces to operate together in combination. It was accordingly agreed to continue the program of military exercises during the coming year.

The Council approved budget estimates for the year 1959/60 of \$896,860, covering the costs of the civil and military headquarters and the various programs undertaken by the Organization.

The Council accepted with pleasure an invitation extended by the United States Government to hold its next meeting in Washington in 1960.

Members of the Council joined in expressing their regret that illness had prevented the United States Secretary of State, Mr. John Foster Dulles, from attending this fifth meeting. Tributes were paid to the special and longstanding association of Mr. Dulles with the establishment and work of SEATO, and a message of sympathy was sent to him by the chairman on the Council's behalf. A similar message was sent to Mr. Felixberto Serrano, the Secretary of Foreign Affairs of the Philippines, who had also been prevented by illness from attending the meeting.

The Council expressed its gratitude to the New Zealand Government and the people of Wellington for their hospitality and welcome, and its appreciation of the efficient arrangements made for the conference. The meeting closed with a warm vote of thanks to the chairman, the Right Honorable Walter Nash.

## Report on SEATO, 1958-59<sup>1</sup>

*by Pote Sarasin*  
*Secretary General*

### FOREWORD

The South-East Asia Collective Defence Treaty, also known as the Manila Pact, was signed at Manila on September 8, 1954 by the representatives of Australia, France, New Zealand, Pakistan, the Philippines, Thailand, the United Kingdom and the United States. The Treaty came into force on February 19, 1955, following the deposit of ratifications by the eight member countries. Four days later, the Council met in Bangkok to create the framework of the South-

<sup>1</sup> Issued in connection with the fifth annual meeting of the Council of Ministers at Wellington, New Zealand, Apr. 8-10, 1959, for simultaneous release at Washington, London, and Paris (Mar. 31) and at Bangkok, Canberra, Karachi, Manila, and Wellington (Apr. 1).

East Asia Treaty Organization. They have since met at Karachi in March, 1956, at Canberra in March, 1957, and at Manila in March, 1958, to review the work of the Organization and to set the pattern of its future development and activities.

This report gives an account of the work and development of SEATO in its fourth year.<sup>2</sup> It also describes the efforts of the member countries, collectively and individually, to achieve the objectives of the Treaty, and to make SEATO an increasingly effective instrument of security and peaceful progress in the Treaty Area.

## INTRODUCTION

The South-East Asia Collective Defence Treaty continues to be an effective instrument to preserve peace in the Area covered by the Treaty.<sup>3</sup> The peoples and Governments of SEATO believe that collective defence is necessary to give and provide security to the free countries.

The member nations maintained their assistance to one another throughout 1958 and with the protection afforded by the Treaty, were able to develop their individual plans for economic and social progress.

At the same time, aware that international Communism may again attempt the seizure of power by military means, they kept their armed forces at a high pitch of effectiveness, and continued to collaborate in planning for defence.

They also developed their co-operation with one another in countering Communist subversion, which remained a major threat to the national security and free institutions of countries in the Area.

Political consultations which demonstrated the sense of common purpose of the alliance were held more frequently in 1958 than in any previous year.

At SEATO Headquarters in Bangkok, where such consultations take place, the Secretariat-General expanded its services to the Governments

and peoples of the member countries. New cultural projects were launched, the information programme was diversified and improved, and the Organization's research activities were found increasingly useful, particularly by the Asian member Governments.

On the economic front, SEATO projects to improve the training of skilled workers were inaugurated in each of the Asian member countries. The first steps were taken towards the establishment of the SEATO Graduate School of Engineering in Bangkok. Several member Governments are contributing to this project.

A notable development was the establishment of contact with the Baghdad Pact Organization and the North Atlantic Treaty Organization. An exchange of information will be of great benefit to all three Organizations in working towards their common objectives.

Throughout the Treaty Area, there was greater public awareness of the dangers of Communism, and consequently a greater capacity to recognize and counter Communist tactics. The role of SEATO in South-East Asian affairs as an instrument of protection and stability was more clearly understood.

The member Governments found no reason to believe that the Communist threat to the Treaty Area had lessened, or that international Communism had ceased to regard South-East Asia as a particularly favourable area for expansion in its efforts to dominate the world.

They therefore maintained their vigilance, individually and collectively through SEATO, which, in its fourth year, showed in increased effectiveness the results of constant and harmonious co-operation based on mutual trust and goodwill.

## THE COMMUNIST THREAT

Two principal conclusions may be drawn from the surveys of international Communist developments carried out by the Organization during the past year.

The first is that, despite the pretence of "peaceful co-existence", the Communist leaders are still striving to keep the world in a state of tension. In succession, they fomented crises in the Middle East, in the Taiwan Straits, and over Berlin.

<sup>2</sup> For text of the third annual report, see BULLETIN of Mar. 31, 1958, p. 509.

<sup>3</sup> The Treaty Area is the general area of South-East Asia including also the entire territories of the Asian parties (Pakistan, the Philippines and Thailand), and the general area of the South-West Pacific, not including the Pacific area north of 21 degrees 30 minutes north latitude. [Footnote in original.]

Secondly, their policy employs a mixture of threats and blandishments: warnings of nuclear destruction alternated with promises of increased trade, development loans and cultural exchanges. While the Communists attempt to overcome by the threat of force any resistance to their objectives, at the same time, by the use of "peaceful" propaganda and the exploitation of front organizations, they are making a determined effort to gain popular support.

The adoption of a political strategy emphasizing "respectability" (with force held in reserve) is in line with the policy laid down by the Moscow Declaration of Communist Parties in 1957, which was reaffirmed in 1958. This declaration urged local Communist Parties to seek broader public approval by collaborating with nationalist and socialist movements and to represent themselves as democratic political bodies.

In the process of identification with nationalist aspirations, the Communists attempt to influence or penetrate key groups (in the administration, political parties, the armed forces, student groups and the professions) as well as to capture and control "mass" organizations of trade unions and youth and women's movements.

Communist insurgents, who are still active in certain countries of Asia, have tried to negotiate a settlement on their own terms with the lawful governments. The Communists have also made considerable use of "front" organizations, particularly where the Party is illegal, and are endeavouring to extend their influence among the Overseas Chinese in South-East Asia.

In seeking to gain control over the countries of the Free World, international Communism gives high priority to the expansion of Communist influence in Asia and Africa, where standards of living are still comparatively low and economic development is slow.

An important objective of the Communists in South-East Asia is to overawe the free countries with the power and the stern discipline of Communist China and the Soviet Union.

The undoubted achievements of the Soviet Union in outer space research have created a favourable impression of scientific progress. While the Free World cannot underestimate the propaganda impact of such achievements it is, nevertheless, mindful that the price of progress achieved under Communism is ruthless discipline and regimentation.

The total power of Communism over the individual was strikingly illustrated in Communist China by the organization of "people's communes". Chinese peasants, originally promised "the land to the tillers", have long been collectivized and have now lost their small private plots of land. The mobilization of women for labour and the removal of children to communal nurseries and schools as well as the loss of personal freedom have effectively destroyed family life.

The bitter campaign against "revisionism," typified by the Soviet Union's withdrawal of aid from Yugoslavia, demonstrates the refusal by Moscow and Peking to accept any form of independence from the Party line.

Other events which led to a revulsion against Communism in many countries were the execution of Imre Nagy, formerly Prime Minister of Hungary and other leaders of the Hungarian revolution, as well as the refusal to allow United Nations' representatives to visit Hungary; and the persecution of the Soviet writer Boris Pasternak, author of the novel "Dr. Zhivago", for accepting a Nobel Prize awarded for his contributions to literature.

Strong measures to check Communist activities were taken by the Government of a number of countries in the Treaty Area. One aspect of the Communist threat—the economic offensive, particularly from Communist China—however, caused increasing concern.

There was a notable shift in the offensive from trade and aid agreements—previously strongly promoted—to actual trade penetration. Although, in the case of Communist China, increased exports of manufactured goods and raw materials are partly due to the need for foreign exchange, they also constitute a conscious effort to disrupt trade.

By the carefully-timed unloading of quantities of low-priced goods, Communist China has upset the local markets in the Treaty Area (though counter-measures have been taken in some countries) and has affected the normal flow of trade with the free countries of the world. A part of the proceeds from the sale of these goods is used for purposes of propaganda and subversion.

While the Communists place considerable emphasis on "peaceful" economic and political penetration, and have intensified their cold war tactics



during the past year, they are still prepared to resort to violence to achieve their objectives.

The basic threat of armed force and subversion led to the establishment of SEATO in 1954. The continuing threat to the peace and independence of the countries of South-East Asia is the justification for collective security today.

### THE WORK OF THE ORGANIZATION

Under the direction of the Council, the Organization pursues its objectives in two main directions, military and civil.

#### Military Activities

The military activities of the Organization are directed by the Military Advisers, a group consisting of one senior military representative of each member country. The Military Advisers held their two normal meetings in 1958—one immediately before the meeting of the SEATO Council at Manila in March, and the other at Bangkok in September.

Under their direction, the SEATO Military Planning Office in Bangkok continued its work of developing detailed defensive plans. Brigadier L. W. Thornton, C.B.E., of New Zealand, succeeded Brigadier-General Alfredo M. Santos, of the Philippines, as Chief, SEATO Military Planning Office in July, 1958.

Since the last meeting of the SEATO Council, four SEATO combined military exercises have been held, and a fifth will be staged shortly.

The first, Exercise Vayubut, which took place in Thailand from April 22 to 26, demonstrated air support of ground forces. In the exercise, units of New Zealand, Thailand, the United Kingdom and the United States took part.

The second SEATO exercise was the maritime training operation Oceanlink, which began on April 28. Twenty-four ships from five of the SEATO nations sailed from Singapore, and after two weeks in the international waters of the South China Sea, entered Manila Bay on May 13. Simulated submarine and air attacks were a feature of the exercise, in which the aircraft carriers HMAS Melbourne, HMS Bulwark and USS Philippine Sea took part.

Exercise Kitisena, sponsored jointly by Thailand and the United States took place in northern

Thailand in January this year. This was a command post exercise designed primarily to train commanders and staffs in the employment of military forces in defensive operations.

Air contingents from six of the SEATO nations, and paratroops from Thailand, France and the United States took part in Exercise Air Progress which was held in Thailand in March.

The fourth large SEATO naval exercise will begin soon. Six of the member nations will participate.

Other bilateral and multilateral exercises were carried out by several of the member countries in 1958, and a further series of SEATO training exercises will be held this year to continue the work of co-ordinating the armed forces of the member nations.

#### Civil Activities

The Council Representatives, who direct the non-military work of the Organization when the Council is not in session, held 17 meetings in 1958. A most valuable feature of these meetings is the exchange of views on the political situation in the Treaty Area, which enables the Organization and the individual member Governments to evaluate, expose and counter Communist activities.

The Organization has three civil expert committees. The Committee of Security Experts held two meetings, and the Committee of Economic Experts and the Committee on Information, Cultural, Education and Labour Activities one meeting each in 1958.

These committees consider various aspects of the work of the Organization and make recommendations to the Council Representatives. They have continued to be valuable forums for the exchange of views among the Member Governments, and to fulfil their tasks of recommending policies for the Organization's research, economic, cultural, and information programmes.

The work of implementing these programmes falls to the Secretariat-General, which supports and co-ordinates the civil work of the Organization at SEATO Headquarters in Bangkok. The Secretariat-General is composed of an international staff in which all the member countries are represented, and a locally-recruited staff. The international staff reached its full authorized level during the year.



## *Countering Communist Subversion*

The responsibility for action in countering Communist subversion rests primarily with the Member Governments, who believe that the best defence against the subversive threat and the insidious effects of Communist propaganda is a well-informed public.

It is, however, the duty of the Organization to assist the member Governments, and it has done so in a number of ways. One of the principal SEATO agencies in identifying the subversive threat is the Committee of Security Experts. Studies by the other expert committees have also given member Governments valuable guidance in countering subversion in their territories.

The Research Services Office of the Secretariat-General has continued to supply member Governments with regular reports on current developments in Communist activities throughout the world, with particular reference to the Treaty Area. Special studies on particularly important developments have been prepared, and the office has also completed a number of studies at the request of the expert committees.

The Public Information Office has helped to counter Communist subversion by the issuing of statements on special topics and the publication of pamphlets—some of them in Urdu, Bengali, and Thai as well as in English—exposing various aspects of the Communist threat. In all, 15 exposure pamphlets were produced during the year.

## *Economic Activities*

The Committee of Economic Experts at its 1958 meeting intensified its study of the Communist economic offensive, and the Organization is accordingly collecting and analyzing information for member Governments to assist them in taking counter-measures. The Committee also took into consideration the economic problems of certain areas of the Asian member countries, with a view to finding suitable remedies, and covered the whole field of co-operative economic effort within the SEATO partnership.

Economic assistance to SEATO countries is given largely on a bilateral basis. However, certain projects have justified collective study and action.

It is one of the most pleasing results of the initiative taken by SEATO that a start has been

made on four important economic projects in the year under review.

These are:

- The SEATO Graduate School of Engineering in Bangkok. This school, due to open in September, 1959, is expected to make an important contribution to the improvement of technological education in the area. It will admit graduate students from both member and non-member countries of South-East Asia. The school is a project of the Government of Thailand. Assistance is being given by the United States under a three-year contract with the Colorado State University. France and New Zealand have agreed to provide assistance, while Australia has under consideration proposals to provide staff, scholarships or equipment. The Philippines has made a financial contribution, and the United Kingdom is actively considering suitable assistance to the school.

- Three projects designed to improve the supply of skilled labour in Pakistan, the Philippines and Thailand. These projects arise directly from the studies and recommendations of the SEATO Study Group on Shortage of Skilled Labour. In each country, agreements have been concluded by the member Governments with the United States.

The agreement with Pakistan provides for the improvement of training in 12 or more trades, principally through assistance to existing training centres in Karachi and Dacca.

In the Philippines, assistance will be given to apprenticeship training, vocational training in the textile industry, and labour market information and statistical services.

In Thailand, where a team from the University of Hawaii is already at work, 15 schools giving training in woodworking are to be converted into general industrial training centres, preparing workers for a number of trades.

Australia, which has allotted \$6,720,000 for economic assistance designed to improve the defensive strength of SEATO, sent a mission to the Asian member countries late in 1958 to investigate the possibility of assisting them to overcome their shortages of skilled labour.

Other steps in the economic field include a French offer of technical scholarships and the service of experts on request. Awards to the Asian member countries for technical training in

its institutions and factories have been offered by New Zealand.

Within the Secretariat-General, the Economic Services Office prepared studies for the Committee of Economic Experts, and made reports for the member Governments on current economic problems and developments, including aid offered and provided to the member countries of the Treaty Area and the States covered by the Protocol to the Treaty.<sup>4</sup>

#### *Cultural Relations*

The main purposes of the SEATO cultural relations programme are to give the peoples of the member countries increased awareness of the common values of their respective cultures; to promote closer co-operation in scientific research and technological development; and to improve mutual knowledge of each other's cultures.

The cultural programme was considerably expanded in 1958. A second series of research fellowships was begun, awards being made to 11 advanced scholars to undertake research projects. Scholars are selected on the basis of the contribution their work is likely to make to understanding of the problems of the Treaty Area, or to assist the economic and social advancement of its peoples. A third series of fellowships was announced in January this year.<sup>5</sup>

The establishment of 12 post-graduate scholarships, and not fewer than 30 under-graduate scholarships, for students of universities in the Asian member countries, 6 travelling lectureships and 3 professorships was approved. Awards were announced late in 1958 and early this year for all these projects.

The post-graduate scholarships provide students with the opportunity to travel for the purpose of study at a university of one of the other Asian member countries; the under-graduate scholarships assist students of promise to complete their degrees in universities in their own countries.

The professorships are intended to supplement the training offered by the universities of the Asian member countries. On the basis of requests made by Pakistan, the Philippines and Thailand, a SEATO professorship has been established for one year, with the possibility of extension, at a university in each country.

<sup>4</sup> Cambodia, Laos and Vietnam. [Footnote in original.]

<sup>5</sup> BULLETIN of Mar. 30, 1959, p. 444.

The purpose of the lectureship programme is to bring cultural leaders of high standing to the Asian member countries. The travelling lecturers spend two to three weeks in each country they visit, fulfilling speaking engagements, and bringing up-to-date their knowledge of local problems and progress in their particular fields of interest.

A further cultural activity was the publication of a book giving a summary of the discussions and the full texts of papers delivered at the South-East Asian Round Table, which brought together 14 eminent scholars—9 from the member countries, 2 from India, and 1 each from Japan, Vietnam and Sarawak—in Bangkok early in 1958 to discuss the impact of Western technology on Asian traditional cultures.

The development of the SEATO cultural programme over a five-year period was discussed by an ad hoc committee on cultural policy in mid-1958. Proposals made by the committee will be considered at the forthcoming meeting of the Council.

#### *Public Information Activities*

The SEATO Public Information Office supplements the efforts of the member Governments to explain the aims and work of the Organization. The office produces material which the member Governments may use for national purposes to make known the nature of Communism; and seeks to develop the sense of association among the member countries.

Publications totalling nearly one million copies were produced in 1958. The office completed its range of basic information pamphlets, and is now producing a number of books and pictorial posters. Twenty radio programmes were produced in 1958 and distributed to the radio services of the member countries. This aspect of the office's work is expanding.

One film, "Partners for Peace", was completed for the Organization by the New Zealand National Film Unit. A cartoon film is being produced by the United States Information Agency and is nearly ready for exhibition. Four further films have been planned.

The work of the Public Information Office is being expanded and diversified, and, with an augmented staff, the office can give more attention to the specialized needs of the individual member countries.

The Committee on Information, Cultural, Edu-

cation and Labour Activities held one meeting in 1958. In addition to surveying co-operation among the member Governments over a wide field, the committee made recommendations for the future development of the work of the Cultural Relations Office, Public Information Office, and Research Services Office.

#### *Official Tours*

Since the last meeting of the SEATO Council I have made official visits to six of the member countries at the invitation of their Governments.

In August, 1958, I visited Australia and New Zealand, and at the end of December another tour was made which included visits to Pakistan, the United Kingdom, France and the United States.

Such visits are invaluable. They enable the Organization to obtain the views of members of the SEATO Council, and officials of the Foreign Offices of the member Governments on its work and development. Such visits also focus the attention of the peoples of the member countries on SEATO and the importance of its role in collective defence.

In the course of the latter tour I also visited the headquarters of the Baghdad Pact Organization in Ankara, and those of NATO in Paris. These visits began the implementation of the directive of the SEATO Council a year ago that an exchange of information should be developed between SEATO and other collective defence organizations of the Free World.

#### *Visitors*

There were numerous distinguished visitors to SEATO Headquarters in 1958. Among them were the Prime Minister of New Zealand, the Rt. Hon. Walter Nash, and General Thanom Kittikachorn, then Prime Minister of Thailand.

### **RECORD OF CO-OPERATION**

The member Governments have co-operated wholeheartedly with one another in the past year in fulfilling the objectives of the South-East Asia Collective Defence Treaty.

#### **Meeting the Subversive Threat**

Member countries continued to assist one another by the exchange of information and training of officials, with a view to combatting Communist subversion.

In Pakistan, the Philippines and Thailand, where the Communist Party is outlawed, strong measures were taken in 1958 to suppress subversive activities.

•The threat of Communist subversion in *Pakistan* had lessened towards the end of the year, partly as a result of an improvement in general administration and in economic conditions. There was practically no open Communist agitation, but "front" organizations were still active.

•In the *Philippines*, efforts were intensified to capture the leaders of the Communist Hukbalahap movement. Since the outlawing of the Communist Party in June, 1957, at least ten important figures in the movement have been apprehended. The number of armed dissidents at the end of 1958 was estimated at only 400, compared with 700 earlier in the year.

•Resolute action by the Government brought Communist subversive activities—particularly among the press, political parties, students and labour unions—to a standstill in *Thailand*. A number of extreme left-wing newspapers which were suspected of receiving outside aid were closed. A ban was placed on the importation and sale of goods from Communist China.

#### **Military Co-operation**

The known military preparedness of Communist China, its vast military potential, and the support it might expect to receive from the Communist bloc in committing aggression in the Treaty Area constitute a continuing threat to the member nations of SEATO.

Individually and together, the member countries have therefore improved their defensive techniques and the co-ordination of their forces in the past year. SEATO combined exercises have demonstrated their combat effectiveness.

The emphasis has remained on the building up of highly trained and mobile defence forces.

Bilateral military assistance programmes were continued in 1958.

Australia has devoted a large part of the sum set aside for economic assistance for SEATO defence to the provision of non-combat equipment to the forces of the Asian member countries. Training was given to 69 students from other SEATO countries in Australian service establishments in 1958.

France, which maintains military missions in

Cambodia and Laos, continued her assistance in training and equipment to these countries and has completed a programme of gendarmerie training in the Republic of Vietnam. Thai and Pakistani officers attended French military schools.

The United Kingdom provided training for service personnel from Australia, New Zealand, Pakistan and Thailand.

The United States continued to give military assistance, with emphasis on technical training, to the Asian member countries. Since the creation of SEATO, 27,947 students from the armed forces of the other member countries have completed courses of training in United States service schools. On June 30, 1958, a total of 406 were in training.

The United States and the Philippines are collaborating in the establishment of the Pacific Defence college in the Philippines, which will provide training in combined and joint operations for military officers of the SEATO member nations and other free nations in the Western Pacific area.

#### **Economic Aid**

In the three Asian member countries economic development continued in 1958 but at a lower rate than in the previous year. Falling prices for agricultural and mineral products, and unfavourable climatic conditions affecting agricultural output were reflected in adverse balances of payments. Inflationary pressures, as in other Asian countries, tended to increase.

In spite of these difficulties, Pakistan, the Philippines and Thailand are making progress by their own efforts and assistance from their SEATO partners.

The total amount of aid received by Pakistan, the Philippines, Thailand and the States covered by the Protocol to the Treaty in 1958 under various international programmes is estimated at over \$600 million. This aid was given mainly on a bilateral basis.

Australia, in addition to its economic assistance for SEATO defence, provided capital aid amounting to \$2.7 million under the Colombo Plan to the Asian member countries and the States covered by the Protocol to the Treaty in the year ended September 30, 1958. In the technical assistance field, Australia has received 571 trainees from these countries since the inception of the Plan, and has supplied 78 experts and large quantities of technical equipment.

France granted scholarships for training and supplied expert missions to the Asian member countries, and concentrated its efforts in the States covered by the Protocol to the Treaty. Development works assisted in these States ranged from the construction of wharves and airports to the provision of equipment for hospitals, scientific institutes and laboratories. The total amount of aid to these States in 1958 exceeded \$9 million.

New Zealand's aid under the Colombo Plan to the member nations and States covered by the Protocol amounted to \$5.2 million by November, 1958. A total of 118 trainees had undertaken or were undertaking courses in New Zealand and 15 experts had been provided. The fields in which assistance has been given are agriculture, health, education and industry.

The United Kingdom gave aid totalling nearly \$5.5 million to member countries in the Treaty Area and States covered by the Protocol in the year ended October 31, 1958.

United States assistance amounted to \$340 million, comprising grants and loans under the Mutual Security Programme, credits by the Export-Import Bank, and grants and loans of local currency acquired under the Agricultural Trade Development and Assistance Programme. In addition, the member countries and the States covered by the Protocol benefitted by assistance from the President's Fund for Asian Economic Development and the Development Loan Fund.

Projects to be financed from the President's Fund include the construction of telecommunications facilities in Thailand, Laos and Vietnam, and a road and railway project to improve communications between Pakistan and Afghanistan. In its first nine months of operations, the Development Loan Fund had, up to October 31, 1958, approved loans totalling \$92 million for such projects as water and sewage installations, railway facilities and irrigation in countries in the Treaty Area.

The encouragement of private investment by the Asian member countries and States covered by the Protocol had good results in 1958, and a significant contribution to the development of the area was made by private institutions.

#### **Cultural and Social Ties**

By encouraging goodwill visits, study tours and other forms of cultural exchange, the member Gov-



ernments have continued to show their desire to increase mutual confidence, goodwill and understanding among their peoples.

Australia's friendly relations with other member countries of the Treaty Area and the States covered by the Protocol to the Treaty were fostered during 1958 by an increase in the number of students and other visitors. The latter included 23 Asian journalists.

Educational assistance given by Australia included the sending of experts in the teaching of English to the Protocol States, scholarships to students of these countries and the Asian member countries to study in Australia, the supply of textbooks and equipment for research and correspondence courses at university level for Philippine and Thai students.

France granted 60 scholarships, provided the services of educational experts to the Asian member countries, and sponsored journeys to France by leading personalities from these countries.

Scientific establishments, and schools with a total enrolment of nearly 13,000, are maintained by France in the States covered by the Protocol to the Treaty. In Laos and Vietnam, France maintains 145 professors and teachers; the salaries of 200 professors and teachers in Cambodia are shared with the Cambodian Government.

France awarded over 1,000 scholarships for study in French and local institutions to students of the Asian member countries and the States covered by the Protocol.

New Zealand provided courses of study for students from the Asian member countries and Vietnam, and supplied experts to these countries.

Pakistan is offering scholarships to France and the Philippines to promote cultural relations.

Art exhibits were exchanged by Pakistan and France, and a comprehensive exhibition of Pakistani art and archaeology for display in the United States is being planned.

Philippine cultural groups and an exhibition of contemporary paintings toured other member countries in Asia.

Students from other member countries took part in international festivals at Philippine universities.

Thailand offered fellowships and scholarships to students of the member countries and other countries in the Treaty Area. Educational assistance to Laos included the offer of higher educa-

tion in Thailand to 85 students and the supply of journals, documents, and textbooks. During the year there was an increase in the number of students and visitors. These included 175 educators who came to observe educational methods in Thailand.

The United Kingdom received 17 visitors from Pakistan and 9 from Thailand under the auspices of the British Council. Lecture tours by 11 visiting experts were sponsored by the British Council in Pakistan and 4 similar tours were arranged in Thailand.

Direct educational aid in the form of equipment, books and films, and (except for the Philippines) teaching staff, was given by the United Kingdom to the Asian member and non-member countries.

A large proportion of trainees from the Treaty Area visiting the United Kingdom under the Colombo Plan were from the Asian member countries and States covered by the Protocol.

The United States gave extensive educational assistance, through the supply of experts and equipment to the Asian member and non-member countries. Under an international educational exchange programme, 407 grants for visits to the United States were made to nationals of these countries and Australia and New Zealand, which in turn received 164 holders of grants from the United States, in the year ended June 30, 1958.

#### **Information on SEATO**

In addition to securing extensive press and radio coverage for SEATO programmes and events, and giving national distribution to SEATO publications, member Governments in 1958 sponsored essay contests on the subject of collective security in South-East Asia, and arranged for the commemoration of SEATO Day, the anniversary of the signing of the South-East Asia Collective Defence Treaty.

#### **CONCLUSION**

SEATO was born from the determination of its members to preserve their freedom and way of life, and to choose their independent path into the future.

United in the free and equal partnership of SEATO, they have created a bond between nations of East and West, in which widely separated peo-

ples of different races and religions find a common basis for action.

They are determined to oppose aggression and subversion, and by so doing to give hope and encouragement to the peoples of South-East Asia in furthering their spiritual and material progress.

In the conviction that the free nations must stand together to assure peace and security throughout the world, they will continue to strengthen the protective shield of SEATO, as an instrument of collective defence and international co-operation.

## TREATY INFORMATION

### Current Actions

#### MULTILATERAL

##### Aviation

Convention on international civil aviation. Done at Chicago December 7, 1944. Entered into force April 4, 1947. TIAS 1591.

*Adherence deposited:* Republic of Guinea, March 27, 1959.

Amendment of article V of agreement for joint financing of certain air navigation services in Greenland and the Faroe Islands (TIAS 4049) by increasing assessment limits.

Amendment of article V of agreement for joint financing of certain air navigation services in Iceland (TIAS 4048) by increasing assessment limits.

Adopted at the Second Special North Atlantic Fixed Services Meeting, Paris, January 12-21, 1959.

*Entered into force:* February 25, 1959 (consents in excess of 90 percent of contracting governments having been received pursuant to article VI of agreements).

##### Customs Tariffs

Convention creating the international union for the publication of customs tariffs, regulations of execution, and final declarations. Signed at Brussels July 5, 1890. Entered into force April 1, 1891. 26 Stat. 1518.

*Adherence deposited:* Federation of Malaya, March 2, 1959.

Protocol modifying the convention of July 5, 1890 (26 Stat. 1518), creating an international union for the publication of customs tariffs. Done at Brussels December 16, 1949. Entered into force May 5, 1950. TIAS 3922.

*Adherence deposited:* Federation of Malaya, March 2, 1959.

##### Drugs

Protocol for termination of agreement for unification of pharmacopoeial formulas for potent drugs of November 29, 1906 (TS 510). Signed at Geneva May 20, 1952. Entered into force May 20, 1952. TIAS 2692.

*Notification by United Kingdom of application to:* Aden; Basutoland; Bechuanaland Protectorate; Bermuda; British Guiana; British Honduras; Brunei; Cyprus;

Fiji; Gambia; Hong Kong; Kenya; Malta; Mauritius; Federation of Nigeria—Northern, Eastern, and Western Regions; North Borneo; Federation of Rhodesia and Nyasaland; Swaziland; St. Helena; Sarawak; Seychelles; Sierra Leone; Singapore; Somaliland Protectorate; Tanganyika (under United Kingdom Trusteeship); Uganda Protectorate; The West Indies—Bahamas, Barbados, Jamaica, Leeward Islands (Antigua, Montserrat, St. Kitts—Nevis, Anguilla), Trinidad, Windward Islands (Dominica, Grenada, St. Lucia); Western Pacific High Commission Territories—Gilbert and Ellice Islands Colony; British Solomon Islands Protectorate; February 24, 1959.

##### Weather

Convention of the World Meteorological Organization. Done at Washington October 11, 1947. Entered into force March 23, 1950. TIAS 2052.

*Accession deposited:* Republic of Guinea, March 27, 1959.

#### BILATERAL

##### Ecuador

Agreement amending the agricultural commodities agreement of June 30, 1958 (TIAS 4105). Effected by exchanges of notes at Quito February 16, 23, and 27 and March 9, 1959. Entered into force March 9, 1959.

##### Germany

Agreement on German external debts. Signed at London February 27, 1953. Entered into force September 16, 1953 (TIAS 2792).

*Notification by Netherlands of extension to:* Surinam, March 3, 1959.

##### Portugal

Parcel post agreement and regulations of execution. Signed at Lisbon January 12, 1959, and at Washington February 27, 1959. Enters into force on a date to be mutually settled between the postal administrations of the two countries.

##### Sudan

Agreement relating to investment guaranties under section 413(b)(3) of Mutual Security Act of 1954 (68 Stat. 847; 22 U.S.C. 1933). Effected by exchange of notes at Khartoum March 17, 1959. Entered into force March 17, 1959.

## DEPARTMENT AND FOREIGN SERVICE

### Post at Yaoundé, Cameroun Raised to Consulate General

The Department of State announced on April 6 (press release 250) that the American Consulate at Yaoundé, Cameroun, which was opened in June 1957, will be elevated to a Consulate General April 10. Yaoundé is the capital of Cameroun, a U.N. territory under French administration, which is scheduled to gain its independence on January 1, 1960.

Bolard More will be Consul General at Yaoundé and is scheduled to arrive at the post on July 18.

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Press releases may be obtained from the News Division, Department of State, Washington 25, D.C.

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*246	4/6	Educational exchange (Brazil).
†248	4/6	Conference of U.S. Ambassadors in Caribbean area.
249	4/6	Note to U.S.S.R. on Baltic and Japan seas incidents.
250	4/6	Post at Yaoundé, Cameroun, raised to consulate general (rewrite).
251	4/7	Beale: treaty with Sultanate of Muscat and Oman.
*252	4/7	Palmer: Cherry Blossom Festival.
253	4/9	Wilcox: "Soviet Diplomacy: A Challenge to Freedom."
254	4/10	Mann: Fluorspar Production Act.
255	4/10	DLF loan to Korea (rewrite).
256	4/10	DLF loans in Jordan, Nigeria, Pakistan, and Uruguay (rewrite).
257	4/10	Loan to Iceland.
258	4/10	DLF loan to Thailand (rewrite).
259	4/10	SEATO communique.

\*Not printed.

†Held for a later issue of the BULLETIN.



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# NATO

## 1949-1959

### THE FIRST TEN YEARS

April 4, 1959, marked the 10th anniversary of the signing of the North Atlantic Treaty, which links the United States with 14 other free nations for our mutual security and progress.

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